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Daily Report

Supplement

China

FBIS-CHI-90-028-S
Friday
9 February 1990

China SUPPLEMENT

FBIS-CHI-90-028-S

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9 February 1990

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General

Foreign Experts Aid Shanghai Development

OW2901091590 Beijing XINHUA in English
0753 GMT 29 Jan 90

[Text] Shanghai, January 29 (XINHUA)—Foreign experts working in Shanghai have in recent years brought great benefits to China's largest city.

Since 1984, the city has employed 330 foreign experts in various fields, including machinery, chemistry, building materials, pharmaceuticals, agriculture, animal husbandry and education. They have helped Shanghai to update key technologies in major factories.

Experts from the United States and Britain, working with Chinese colleagues, have solved long-standing technological problems for the Shanghai Film Factory and trained hundreds of technical and managerial personnel for the city.

New products have been developed in co-operation with foreign specialists. Shanghai No. 3 pharmaceutical factory, using valuable information provided by an American Chinese, introduced new technology and developed an antibiotic named cephalosporin, bringing in more than five million dollars.

Another innovative program added 8.67 million yuan to the total revenue of a Shanghai petrochemical plant.

Meanwhile, Shanghai experts have been making great headway in foreign countries. While studying at a Dutch Seed Company, Liu Siying, a specialist from the Shanghai Institute of Horticulture, developed a new culture method that had eluded the Dutch for years.

Shanghai has exported more than 300,000 saplings to Holland, earning 30,000 U.S. dollars for China. The two countries are now discussing the setting up of a gardening joint venture.

Foreign Cooperation Helps Shanghai Agriculture

OW2901093890 Beijing XINHUA in English
0809 GMT 29 Jan 90

[Text] Shanghai, January 29 (XINHUA)—Shanghai will develop its agricultural co-operation with foreign countries following the boom in foreign investment in its rural enterprises.

Investors from more than 10 countries have explored the possibility of funding the city's farming sector since 1988, according to Shen Xiyuan, project officer of the Foreign Economic Relations and Trade Office of the Shanghai Farming Administration.

Shanghai now has 15 farms for agriculture, animal husbandry and fishery. They operate more than 300 enterprises.

The city has already set up eight export-oriented joint ventures with Japan, the United States, Hong Kong and Macao. Five of them are already operating and three others will start operating soon.

Shen said that although the development of agricultural joint ventures is just budding, sound economic returns have already been yielded.

Shanghai Rong An Knitwear Co. Ltd, a joint venture funded by Changjiang Farm, the Shanghai Agricultural-Industrial Corporation and the Japan Gito Corporation with total registered capital of only 715,000 U.S. dollars, has earned two million yuan in net profit in 14 months.

Shen said Shanghai's agricultural co-operation faces a bright future because of its advantages in energy supply, labor skills and business management.

Article Examines Changes in World Situation

HK3101042790 Beijing SHIJIE ZHISHI in Chinese
No. 24, 16 Dec 89, p 3, 4

[Article by Wan Guang (8001 0342): "Some Issues in the Current Major World Changes"]

[Text] This year, some drastic new changes have occurred in the international situation. At present, the world is undergoing some major changes.

First, the U.S. "beyond containment" policy and the development of U.S.-Soviet relations.

Bush's "beyond containment" policy toward the Soviet Union is an important integral part of U.S. global strategy—which is aimed at maintaining the United States' leading position in the world, including that amongst its allies and Third World countries.

According to the recent speeches of Bush and Baker, the U.S. "beyond containment" policy toward the Soviet Union was designed to take advantage of the difficulties and disturbances that the Soviet Union had encountered in its reforms, as well as the changes in the East European situation, in order to achieve a more ambitious objective than the previous strategy of "containing Soviet expansion." On the basis of maintaining military containment strength, the United States will increase the use of political, economic, and ideological means in an attempt to effect "peaceful evolution" in socialist countries.

In recent years, the United States used the Soviet Union's difficult conditions at home to force the latter to make more concessions, and will continue to do so. In the talks on reducing conventional forces in Europe and reducing strategic nuclear weapons, the United States will try hard to weaken the Soviet Union's military strength, upset the balance of strength, and win military superiority over the Soviet Union. The United States will prevent the Soviet Union from interfering in the changes in Eastern Europe and will also weaken Soviet influence in other regions. For the United States, if such

agreements which result in "reducing the Soviet threat" can be concluded with the Soviet Union, then even if after Gorbachev has fallen from power, it will still be hard for the Soviet Union to "reverse this process," or at least the Soviets will have to "pay a high cost" if they try to reverse this process.

At the same time, the United States will also have to cooperate with the Soviet Union in order to prevent them from failing to control the situation in Eastern and Western Europe, and to manipulate the settlement of the problems in various hot spots. The United States will try to continue to use the bipolar system to restrain its allies and cope with the Third World.

In a certain period to come, the compromise and cooperation between the United States and the Soviet Union may continue to gather momentum. They may reach tacit agreement or conclude explicit agreements and deals on such issues as controlling the development of the European situation, reducing conventional and nuclear armaments, preventing the "proliferation" of missiles and other weapons, settling some regional problems, and developing bilateral relations.

Fundamentally speaking however, the essential contradiction between the two sides will be further deepened. As for the fundamental strategic objective, the United States is trying to win superiority over the Soviet Union, while the Soviet Union is trying to maintain the balance of strength with the United States. So long as the Soviet Union is unwilling to reduce itself to a second-class country, it will not make unlimited concessions. The Soviet Union and the United States will continue their trial of strength and rivalry in developing high-technology armaments and over some regional problems.

Second, the changes in several important regions.

This year, the greatest changes in the world occurred in Eastern Europe and in the Soviet Union. In the 1990's, the situation in Eastern Europe and in the Soviet Union will continue to develop amidst the struggle between various complicated factors and will directly affect the overall situation in Europe and in the world.

Europe may gradually break through the Yalta pattern left over from World War II. The strategic intention of the United States is to bring Eastern Europe into the "big family of European democracies" under the leadership of the United States, and to build "an integrated and free Europe." The strategic intention of the Soviet Union is to try its best to maintain its alliance relations with Eastern Europe, drive a wedge between Western Europe and the United States, and weaken the influence of the United States in Europe through building the "European common home." The U.S.-Soviet rivalry in Europe will thus enter a new and intense stage. At the same time, Western Europe will also contend with the United States for a dominant position in influencing Eastern Europe. In this regard, Western Europe has more advantages than the United States. If Western Europe succeeds in

joining hands with Eastern Europe, it will become a stronger competitor in the world.

Recently, FRG Chancellor Kohl put forward a 10-point program for gradually realizing Germany's reunification and caused serious concern in the United States, the Soviet Union, and other countries. The rise of the FRG has made the German issue an important subject in international affairs, and this will shock Europe and the whole world more strongly than the rise of Japan.

The Asian-Pacific region has further enhanced its position in the world. The relations between the United States, the Soviet Union, Japan, and China in this region will further develop. The Soviet interest is focused on Europe, and it is hard for the Soviet Union to play a much bigger role in the Asia-Pacific region. The United States and Japan will play a greater role in regional affairs and will even intensify their rivalry over the dominating position in this region. China also holds an important position in the Asian-Pacific region. China's stable development and its independent peace-oriented foreign policy will play a positive role in the Asia-Pacific region and in the world. The growth of other forces in the Asia-Pacific region must not be neglected. The realignment of various forces in the Asia-Pacific region will bring about a new situation in the 21st century.

Third, the future development of the international situation.

The major changes in the world will mainly find expression in East-West relations and North-South relations. While the military confrontation between the East and the West is gradually being relaxed and replaced with political dialogue and economic intercourse, the West is more intensively pursuing the "peaceful evolution" strategy against the East. So the complicated political, economic, and ideological struggle between the East and the West will become rather fierce under certain conditions and in a certain scope. In the internal relations between the Western countries, the United States, Western Europe, Japan, and the FRG will further intensify their economic competition and political rivalry while coordinating their respective positions and continuing their cooperation. As for North-South relations, the Western countries will make use of the economic difficulties in the Third World countries to intensify the economic exploitation of and the political pressure over the latter. The Third World countries will strengthen their unity to resist this, and the North-South contradiction will be sharpened.

In the world's major changes, the old structure and the balance of strength inside some countries and in regional and international relations will be broken, and the new balance of strength and the new structure will take shape. This will not rule out the possibility that some reversals may appear in a certain period and in a certain scope. However, the development of various contradictions and factors will also restrain the changes in the situation.

Near East & South Asia

Article Examines Middle East Peace Talks

HK0102020890 Beijing SHIJIE ZHISHI in Chinese
No. 24, 16 Dec 89 pp 14-15

[Article by Jiang Dading (5592 1129 7844): "The Limping Middle East Talks"]

[Text] The Middle East diplomatic arena this year has been unprecedentedly dynamic. Concerned personnel have actively planned, lobbied, and called for support for the peace talks. Arab and Israeli leaders such as Egyptian President Mubarak, King Husayn of Jordan, and Israeli Prime Minister Shamir alternately visited the United States; President Arafat has been busy flying across Europe, Asia, and Africa; and U.S., Soviet, West European, and the European Community's envoys have been plying back and forth in the Middle East. Various solution models and concepts have made appearances. There has been Shamir's four-point proposal on the elections and autonomy of the West Bank and Gaza Strip, Mubarak's 10-point proposal on Palestinian-Israeli dialogue, U.S. Secretary of State Baker's five-point proposal and its amendments, and the seven principles suggested by the PLO concerning dialogue between Palestine and Israel, and so on. Our country has also made a five-point proposal on resolving Middle East problems. History has laid before all the concerned parties peaceful resolutions of Arab-Israeli conflicts.

Regretably, despite strong diplomatic efforts there has been extremely limited practical progress in the peace talks; there has not even been a consensus on the procedure of peace talks. The major reasons lie in the following:

Both the U.S. and Soviet Middle East Policies Adopt the Dual Approach of Relaxation and Seizing Influence

In recent years, to stabilize the situation in the Middle East, the United States and Soviet Union have favored a peaceful resolution of Arab-Israeli disputes. The United States has reversed its past position of no-contact with the PLO and, beginning at the end of last year, began a dialogue with it, accepted its principle of land in exchange for peace, recognized the political rights of the Palestinians, agreed to resolving Arab-Israeli disputes in accordance with the UN Resolutions No. 242 and 338, and advised Israel to stop building immigrant settlements in the occupied areas. But, the United States has kept singing a different song with Israel over the key issues of the founding of a Palestinian state and the delegation power of the PLO. In its actions, the United States has been fairly cautious. The general view is that the real U.S. concern has been to maintain its control over the Middle East by keeping up peace talks instead of resolving Arab-Israeli disputes. This policy has grown more obvious since Bush became host at the White House. The U.S. strategy toward the Middle East peace talks can be summarized as follows: Intervention while avoiding entanglement and advancing the peace talks

but not being eager to achieve results. Therefore, although Middle East politicians have been eagerly knocking at the White House gate, and Americans have merely lent their ears and made gestures. The so-called Baker plan is a compromise between Shamir's model and Mubarak's proposal, which neither the PLO nor Israel will accept. Under these circumstances, U.S.-PLO dialogues has not achieved any substantial progress.

The Soviet Union has also been pushing a policy of easing the tension in the Middle East, which has been shown chiefly in two areas: One, while it has continued to consolidate allied relations with radical Arab countries such as Syria, it has also actively cultivated relations with moderate states such as Egypt, Saudi Arabia, and Jordan; two, while encouraging the PLO to adopt peace initiatives, it has stepped up efforts to resume diplomatic contact with Israel. The Soviet Union has invited Israeli Vice-Prime Minister Peres to visit the country and to negotiate PLO-Israeli dialogue and bilateral relations. On the matter of the form of peace talks, the Soviet Union favors calling an international peace conference under the auspices of the five permanent members states of the UN. Like the United States, the Soviet Union does not want to see the rapid success of peace in the Middle East, and therein the loss of its value in the region.

After 40 years of continuous Arab-Israeli disputes, the Middle East has seen for the first time the emergence of such a pattern: Both the United States and Soviet Union are pushing for peace talks; at the same time, both are dealing separately with various sides in the Middle East. No doubt this will help make the Arabs and Israel sit down at the negotiation table.

However, international opinion has pointed out that the competition and seizing between the two countries in the Middle East has not stopped. The United States has always appeared as an arbitrator in peace talks, wanted to resolve Arab-Israeli disputes on its own, and tried hard to exclude the Soviet Union from peace talks. The Soviet Union has contended for a package program solution presided over by the United Nations and could thus share the glory with the United States. The contradictions between the two powers and their respective, overlapping contacts have vastly complicated peace talks.

Arab and Israeli Policies in a Changing Time

Against the general background of U.S. and Soviet detente, the various sides in the Middle East have reacted differently to the peace talks. Some welcome and some oppose it, while some have adopted a wait-and-see attitude. Changes have also occurred in forces within the Arab and Israeli camps. A process of realignment is underway.

In the Arab camp, the PLO has rapidly adjusted its policy and, to break the peace talk stalemate, boldly recognized the existence of Israel. Its attitude has been positive and flexible. Having expelled Egypt for a decade, the Arab League accepted Egypt back, thus

ending the internal split. For the first time in the last decade, a special conference of Arab leaders has been held, at which the PLO's peaceful resolution was affirmed. Moderate forces within the Arab camp have been rising, and a good development has appeared in which relations between radical and moderate Arab countries have drawn closer and been reconciled. But the solidarity is only preliminary, and there is still great divergence over the resolution of Middle East problems. A unified Arab program is yet to emerge. Syria and some of the radical, Syrian-backed Palestinian groups have insisted on military means to resolve Arab-Israeli disputes and have opposed the Camp David Accord and an independent approach to resolve the disputes. They described 'Arafat's peaceful initiatives as "surrender and betrayal." Following Mubarak's 10-point proposal on a PLO-Israeli dialogue, General Secretary of the Popular Front for the Liberation of Palestine Habash issued public death threats. Relations between major Arab states such as Syria and Egypt, and the PLO and Iraq, have yet to return to normal. Syria, as an important party in Arab-Israeli disputes, has yet to be given a role in the peace talks.

Under the double pressure of the Palestinian uprisings in the occupied territories and the increasing relaxation of contradictions in the Middle East, conflicts within the Israeli ruling group have intensified. The leader of the labor party, Vice Prime Minister Peres, is against Shamir's stubborn stand and favors direct talks with the PLO. His quarrels with Shamir have several times pushed the Israeli coalition government to the brink of collapse. At various strata there are an increasing number of people who favor peace talks and recognition of the legal rights of the Palestinian people. Opinion polls have shown that 58 percent of Israelis favored talks with the PLO, and 54 percent agreed with the land-in-exchange-for-peace principle.

In a word, forces within both the Arab and Israeli camps favoring a peaceful solution to Middle East problems have assumed a certain scale but have yet to become the overwhelming mainstream. For now, neither side will take big steps on the path toward peace talks.

There Are Still Big Differences Over the Terms of Peace Talks

At present there remain big differences and a stalemate between the Arabs and Israel over the terms of talks.

Contradictions are focused on, first of all, the problem of land. The Israeli authorities have insisted on occupying Arab territories such as the Golan Heights, East Jerusalem, the West Bank of the Jordan River, and the Gaza Strip. A study of the PLO-Israeli peace talk terms now being drafted shows that the PLO has made significant concessions; it scaled down its demand from restoring the 1947 Palestinian territory when the separation of rule was effected to self-determination and founding a state on only the West Bank and Gaza Strip. Shamir's model allows Palestinians in these two areas to hold elections under Israeli control and to practise limited autonomy. The land problems have been the cause as well as the bone of contention in Arab-Israeli disputes. So long as the Arab's legal demands to reclaim the land are not met, all plans for peace talks are destined to blow apart.

Second, on the matter of representatives to the talks, Israel has so far refused to recognize the PLO; and refused contacts or talks with PLO delegates, or with any pro-PLO Palestinians, thus barring the PLO from the doorstep of Middle East peace talks. There is no way the PLO can accept this. The PLO has insisted upon its proper role at all stages of the Middle East peace process, and it has the right to organize its own delegation teams to participate in peace talks. This is its principle.

Third, on the matter of the forms of talks, Israel has consistently preached the Camp David model, with Israel alone holding talks with concerned Arab states, and in this way making it easy for Israel to crush each Arab state at a time. However, Arab states such as Syria have insisted on the full solution of Arab-Israeli disputes under the auspices of the United Nations.

Apart from all this, the United States and Israel have also made an end to the Palestinian uprisings on the occupied territories a condition for consenting to hold elections on the West Bank and Gaza Strip. The PLO and Palestinian people in there will never accept this condition.

In the new year, the trend toward peace talks will be maintained, but no optimism is in place for any breakthroughs. If prospects for peace talks remain dim, and Palestinians and Arabs will become increasingly disillusioned, radical factions will again rear their heads, and the development of moderate Arab forces will be affected. If so, terrorist activities will again be stepped up and there will again be turmoil.

Political & Social

Book Translated by Jiang Zemin Published

OW2001115890 Beijing XINHUA in English
1126 GMT 20 Jan 90

[Text] Shanghai, January 20 (XINHUA)—A book translated from Russian by Communist Party Secretary Jiang Zemin was recently published in Shanghai.

"The Rational Use of Electrical Energy in Machinery Manufacture" was originally written by a Soviet expert on electrical energy.

Graduated from the Electricity and Machinery Department of Shanghai's Jiaotong University in 1947, Jiang was involved in machine building and electrical engineering for several decades.

He did the translation when he worked at the Changchun No 1 Motor Vehicle Plant, 30 years ago.

The book describes how to conserve energy in processes including metal cutting, and pressure processing and forging.

RENMIN RIBAO Interviews Tourism Official

HK1901132790 Beijing RENMIN RIBAO in Chinese
13 Jan 90 p 2

["Newsletter" by staff reporter Liu Xiao (0491 7197): "Invigorate China's Tourism—An Interview With He Guangwei, Deputy Director of the National Tourism Administration"]

[Text] "A sudden change in the situation, the river froze, and our tourist boat got stranded, but well equipped and able to cope with the situation, we eventually broke the ice and are now advancing slowly toward our destination."

During an interview with this reporter in the New Year, He Guangwei, deputy director of the National Tourism Administration, used this description to express his determination to invigorate China's tourism.

The storm that occurred in Beijing between the spring and summer of 1989 dealt a severe blow to China's tourism. But a turn for the better is taking place as a result of the great efforts made by employees in tourist circles. The National Tourism Administration issued a notice explaining that as usual, friends from overseas could come to China for traveling. The Beijing Tourist Bureau sponsored the "1989 Beijing International Tourist Seminar", and with the cooperation of civil aviation and railway departments, the National Tourism Administration introduced "limited-term special preferential prices." Tourist recovery in the second half of 1989 was faster than expected. According to an estimate, 23 million tourists from overseas came to China in 1989, and 3 million of them joined organized tours. Foreign exchange from tourism amounted to \$1.7 billion, higher

than the figure predicted last summer. This is He Guangwei's conclusion on tourism in 1989.

On the year 1990, He Guangwei said: "We are still climbing up the slope from the bottom of the ravine and making efforts to reach the highest level of 1988 in 1991."

He Guangwei pointed out we should not underestimate the unfavorable factors China's tourism will face in 1990, nor should we lose sight of the favorable factors. Unfavorable factors can be turned into favorable ones as long as we do well. According to his analysis, China's relations with Western countries are relaxing and the change in the macroclimate is favorable to China's tourist recovery. This is the first point. Through 10 years of efforts, China's tourism has become an industry operating on a certain scale. Coordination in various aspects, such as board, lodgings, sight-seeing, booking, and recreation, should be ensured. This is the second point. The high growth rate of last 10 years had imposed too much pressure on us, so much pressure that we did not have time to examine our work. The recent turmoil gave us an opportunity to carry out rectification in our enterprises and to improve our service attitude and accommodation quality. This is the third point.

Based on this analysis, the National Tourism Administration proposed a dual work method for 1990 aimed at "rectifying tourist enterprises in the country and promoting the tourist business abroad."

He Guangwei emphatically pointed out that rectification is more important than promotion, because rectification concerns both tourist recovery and development.

"Rectification in 1990 involves three areas," He Guangwei explained. "The first area involves the rectification of enterprises. In 1989, 113 hotels were appraised as the first group of star-grade hotels, thereby developing hotel management in China in the orientation of internationalization and standardization. Interpreters and guides have been given standardized examinations and required to wear their identity cards at work. Macromanagement over tourist enterprises will be strengthened in 1990.

"The second area involves the rectification of employees. Not long ago the National Tourism Administration held an on-the-spot rectification meeting in Suzhou. Apart from making work arrangements for 1990, the meeting demanded that all 1.5 million employees of the tourism administration should receive training, should foster the idea of respecting and loving their work, should correct the bad habits of accepting "commissions" and "tips," and should usher in new development in China's 1990 tourism with a new attitude.

"The third area involves the rectification of travel agents. There are now 1,600 travel agents in China. Some are good and some are bad. It is time that we introduced rectification."

He Guangwei said that omnidirectional and multitier arrangements would be made for soliciting customers in the country and abroad this year.

Customer-soliciting activities carried out by state-level bureaus include: an "Exhibition of Chinese Cultural Relics" to be held in the Beijing Art Museum by the State Bureau of Cultural Relics; a "Chinese Shopping Festival" sponsored by the National Tourism Administration; a "Chinese Tourist Art Festival" jointly sponsored by the National Tourism Administration and Guangzhou City; and a "Chinese Tourist Fair" jointly sponsored by the tourism administration and Shanghai.

Locally-run activities include: a "Seminar on Mazhu" sponsored by Fujian; a "commemorative Activity on the Silk Road for the Year 2100" jointly carried out by five northwestern provinces; a "Dalian Fashion Festival" jointly sponsored by three northeastern provinces and Hulun Buir of Nei Mongol; Guilin's "Delicate Good Festival"; Hangzhou's "International Cherry Tourist Festival"; Yixing's "Ceramics Festival"; and an activity sponsored by Guangdong to commend foreign tourist companies' contributions to the development of the Zhujiang delta. What is even more noteworthy, there are good prospects for the "Asian Games tourist activity" sponsored by the Beijing Tourist Bureau. Twenty thousand tickets for the opening ceremony of the Asian Games have been sold to foreign travel agents.

In addition, the National Tourism Administration has also sent groups to influential international exhibitions in London, West Berlin, and Paris to promote China's tourism.

Minister He Dongchang Discusses Rural Education

*HK2301022190 Beijing RENMIN RIBAO in Chinese
13 Jan 90 p 5*

["Abridged" version of RENMIN JIAOYU (PEOPLE'S EDUCATION) No. 1 article by He Dongchang (0149 2639 2490) with subheads added by RENMIN RIBAO: "Herein Lies the Hope of China's Rural Education"]

[Text] Editor's note: Agriculture is the foundation of the national economy. To solve the current problems in agriculture and to realize agricultural modernization, we must rely on education and constantly improve the qualities of the broad ranks of laborers and train agrotechnicians for the various levels. Properly running rural education and establishing a socialist education system suited to China's rural reality constitute important matters of great strategic significance. In this article, Comrade He Dongchang sums up the basic experience in rural education reform and development over the decade and proposes the train of thought for China's rural education reform and development in the future. This article is worth reading. [end editor's note]

The Main Portion of China's Education Lies in Rural Areas; Properly Handling Rural Education Is an Important Matter of Great Strategic Significance

The "Spark Plan" proposed by the State Education Commission involved the important question of what road should be taken in China's rural education. The "Spark Plan" was actually proposed in light of the practical experience in rural education reform and the profound changes which had taken place in the rural economy since 1958, particularly since the Third Plenary Session of the 11th CPC Central Committee. The fundamental guiding ideology was Comrade Deng Xiaoping's instruction "education should be suited to the requirements of national economic development." Agriculture is the foundation of the national economy so we must attach great importance to rural education. We cannot focus our education on urban areas or develop rural education which does not conform to rural reality. Rural education does not merely mean agricultural education. Regarding agricultural education, countries which have developed agriculture, including the United States and France, require young people in rural areas to acquire elementary education as well as vocational and technical education. This reflects certain laws. We must sum up our past experience and break a path in education suited to China's rural reality. We should properly handle the relations between education and economy which constitute very important questions. Viewed from the experience since the founding of the PRC, education development is out of the question without economic development.

Agriculture has always been the foundation of the national economy and today the majority of our population are engaged in it. Even when we have reached the level of the developed countries and only under 10 percent of the population are engaged in agriculture, we will still have to feed the people before doing anything else. The township and town enterprises and other undertakings in rural areas require qualified personnel and the main portion of China's education should be in the countryside. Properly running rural education is an important matter of great strategic significance.

It is one of our basic national conditions that the per capita possession of natural resources is limited. To maintain agriculture, which is the foundation of the national economy, we should rely on policies and investment. From a long-term viewpoint however, China must rely on science and technology to find a way out for its agriculture. China's agriculture in the future should have the highest yield per unit area, otherwise it will be impossible for the country to become strong and prosperous. China should be the best country in applying biotechnology. This is the way out for agriculture and for maintaining China's foundation. Otherwise, it will be a drag on China's modernization program. Hence it is necessary to constantly improve the quality of the laborers engaged in agricultural production. To obtain the ability to absorb modern science and technology, we must rely on education.

Establishing a Mechanism in Which Education and Rural Economic Construction Promoting Each Other is the Only Way Rural Education Can Extricate Itself From the Predicament

Originally, elementary education referred to moral, intellectual, and physical development, and the acquisition of general knowledge. However, these students still could not meet the needs of agriculture and the development of townships and town enterprises. Only by establishing the intermediate link of vocational and technical education in light of the needs, can we vigorously promote the central link of rural economy and construction in other fields and make education effectively serve the building of socialist modernization in rural areas. Only when the economy has developed can we rely on policies to arouse the enthusiasm, particularly of the peasants, in all fields in rural areas to run schools. Because they can benefit from education, they will support education and offer more material conditions for developing education. Establishing a mechanism in which education and rural economic construction promote each other is the only way for rural education to extricate itself from the predicament.

Elementary education should be localized and its development integrated with that of vocational, technical, and adult education. Viewed from townships across the country which have done a good job in this field there are poverty-stricken areas, as well as well-off areas like the Shanghai suburbs. The applicability of the "Spark Plan" thinking is wide-ranging. The starting point of elementary education may be high or low, the proportion of the education structure may vary at different levels, and the structures of the first, second, and tertiary industries may differ from each other, but the basic train of thought is identical. This enhances our confidence. Apart from training new peasants from the age of 14 and then offering 2 to 3 years vocational training, France also upgraded adult education. France had to import farm produce prior to 1960 but later became an exporting country. Viewed from the international trend, the basic train of thought for reforming rural education has great vitality.

As township and town enterprises are undergoing readjustment and improvement, they constitute a challenge to education. The combination of agriculture, science, and education has enabled us to find a specific form in which education and economy depend on and promote each other. It is necessary to cater to the needs of agriculture. Every county must have a properly-run agricultural vocational secondary school which will play a leading role. Instead of undertaking responsibility for placement and teaching "farming from the blackboard," it should offer courses in light of actual needs and run both long- and short-term training classes. Only by so doing can they have great vitality. It will be necessary to set up junior middle schools, agricultural technical schools, and agricultural scientific education centers, at the township level and village primary schools and adult cultural and technical schools at the village level. This

structure, which meets local needs, is the form we have found. Although it is not extensively popularized, herein lies the hope of China's rural education.

This constitutes a change of concept. Economically speaking, to embark on the track of relying on scientific and technological progress, and improving the quality of laborers, the education departments should also effect a change. Compulsory education enabling all children of school age to receive education according to law constitutes a change in itself because it is different in principle from traditional education aimed at promoting students to a higher level. We cannot develop education in rural areas by deviating from rural reality. Differing from the traditional and habitual thinking of cadres and the masses, this is a great change in educational thinking. To meet the needs of various undertakings focused on rural economy, the education and economic departments should effect a change in their concepts. To sum up, the basic train of thought of the "Spark Plan" is universally applicable. In his 1989 government work report, Comrade Li Peng said that this is a social engineering task of great significance.

Rural Education Should Serve Rural Economic Construction; Education Can Have Great Vitality Only When it Is Integrated With Local Economic Construction

To enable the broad masses to understand the "Spark Plan," it was necessary for us to seek a breakthrough in vocational or adult education. It is a good method to develop some short-term projects which can produce quick and practical results in 1 or 2 years through vocational and technical training. The "Spark Plan" involves education reform and education as a whole rather than merely short-term classes for adults, junior and senior school students, or vocational and technical education. We should not misunderstand this but have a solid education foundation. Hence, it will involve the question of long-term quality and affect illiteracy because we refer to the concepts of average amount and total national strength when we discuss the country's prosperity. The average concept should also be used in the education field as it is in the economic field. The "Spark Plan" will affect illiteracy and the development of special and higher education, and above all normal institutes, agricultural universities, and medical colleges. The development of some township and town enterprises will also affect industrial and scientific education. We should widen our field of vision.

Is it correct to emphasize the close relationship between the "Spark Plan" and the development of economic construction, rural economic development in particular? Is it tantamount to pragmatism and ignoring political and ideological education? Is it tantamount to ignorance of quality education? The basic experience in rural education since the founding of the PRC shows that education development is impossible without economic development and there will be no way out without the combination of the two factors. Without economic

development, we cannot run schools or talk about quality. Viewed from the primary schools angle, the peasants seem to have understood this truth. Why? They must go to primary schools to learn how to read and work out accounts. However, is it necessary for them to continue their schooling when they have to do farming like their fathers after graduation from junior middle schools? This is a big question for peasants. Unless this question is properly resolved, it will be difficult to avoid junior middle school students cutting classes and quitting school. When these students have left the schools, quality will be out of the question. When we are talking about serving economic construction, the vocational and technical training of the people serving economic construction is not enough. Undoubtedly, they must have better education as well as political awareness and moral and physical education. However, it is a completely different concept as to which field to serve and what kind of people to train. When we talk about service, some people say that education has simply become a tool. If education can become a tool serving the socialist modernization program in rural areas, I think this tool would be fine. What harm can it cause? It is not an attitude of historical materialism to talk about the quality of man in abstract. Therefore, our education should serve our common ideals and a highly democratic, civilized, and prosperous socialist modern country. The three-step strategic objective is included in the common ideals. If we can offer better service it would mean that education is playing an outstanding role. The problem is that our current service is inadequate. Naturally, it is necessary to attach great importance to elementary education and run it properly. The problem is we must change the outdated concept of primary school pupils being promoted to junior middle schools merely for the sake of assuming the titles of cadres and intellectuals. We should educate the majority of students to love the countryside and foster the idea of dedicating themselves to rural modernization. We should particularly stress that it is not wrong to say that rural education should serve rural economic construction. Otherwise, it would be difficult to arouse the peasants' enthusiasm. However, we never said that it should only serve economic construction. There is no harm in emphasizing it for a period of time as it conforms to dialectics. Naturally, our rural education should also serve rural political building and cultural development. In the past, we did not do enough in this regard. Hence, we should closely integrate education with social practical development. Viewed from the relations between rural primary and secondary schools and economic construction, education can have great vitality only when it is integrated with local economic construction. Viewed from ideological and moral values, our courses should be integrated with the building of democracy and legal system and with the efforts made to put an end to backwardness and feudal practices in rural areas. In this regard, our courses cannot meet the actual needs. In the future, the principals of our primary and secondary schools should become advisors to rural leadership and get involved comprehensively in rural social progress. Of course, it is important to conduct education

in fighting liberalization and keep the correct political orientation in the first place. It is also necessary to conduct education in the four cardinal principles. Apart from the influence of bourgeois liberalization, there are also feudal, backward, and undemocratic practices in rural areas which require transformation and our primary and secondary schools should get involved in this. Following their involvement in the change, the principals and teachers will be able to better teach the students and integrate education with local reality, production, and life. Naturally, we cannot indiscriminately assign students to do miscellaneous work and disrupt the teaching order.

The "Spark Plan" Is Social Engineering Which Is of Great Significance to Rural Education Reform, Higher Education Reform, and Rural Economic Development

The implementation of the "Spark Plan" should be integrated with the deepening of rural reform. The deepening of rural reform requires a pre- and post-service system and the establishment of a new collective economy. This trend merits attention.

Our agricultural college graduates are not assigned to the countryside because only the state units can pay the wages to support them. When the service systems have developed, they will need large numbers of qualified personnel. With their own economic entities and production projects they can earn some income through contract and be capable of supporting university and secondary school graduates. In this way, the graduates can go to the countryside. We should take long-term rural construction into account. If university graduates can enter at the township level or the service system, and if secondary school graduates can enter at the village level and become specialized households, or scientific and technological demonstration households, or enter the service system, we will be able to attain a fairly well-off level in the countryside in the long run. We should have senior middle school or technical school graduates at our village level and college graduates at our township level because this will be of great significance to economic construction as well as political, ideological, and cultural construction. Looking forward, we can see that the reform affected by the "Spark Plan" will also involve institutions of higher learning. If our higher education merely served the urban areas, the scope would be too big. The further development of higher education depends to a great extent on the increasing demand for college graduates by the countryside. From now on, our higher education should duly take into account the needs of rural areas, particularly the counties where township and town enterprises have relatively developed. To enhance vocational and technical education in rural areas, I think we should adopt measures to encourage graduates from agricultural colleges and secondary technical schools to become teachers in our junior and senior middle schools. By so doing we can solve the teacher shortage problem and not allow too many people to frequently change jobs. Agricultural colleges and secondary technical schools should enroll

students who are willing to stay in the countryside. The number of graduates from colleges holding posts in the countryside can probably be regarded as an indication of agricultural modernization.

Local Governments Strengthen Law Enforcement
HK2201002290 Beijing RENMIN RIBAO in Chinese
15 Jan 90 p 5

[Article by staff reporter Su Ning (5685 1337): "Local Governments Have Strengthened Supervision Over Execution of Law"]

[Text] In the last 10 years, state and local governments have successively formulated and promulgated a large number of laws and regulations in the field of economic and administrative management. The framework of a legal system has been built for administration and economic management in all fields. However, in some localities, laws and regulations have not been strictly enforced.

In view of this problem, the law department of the local governments at various levels have extended their work from legislation alone to both legislation and law enforcement. The recent work forum on the supervision and examination of law enforcement, attended by the responsible officials from some provinces and municipalities, made clear that the law departments of many provincial and municipal governments had made useful explorations and had achieved gratifying results in this regard.

In the past 3 years, the Jilin Provincial Government carried out spot checks in some units and localities every year regarding the enforcement of laws and regulations. This has strengthened the administrative work related to law enforcement and has achieved marked economic and social results. In 1988 and in the first half of 1989, the provincial authorities imposed fines totaling 260 million yuan on those who evaded taxes through enforcing the Regulations on Tax Collection and Management. The enforcement of the tax regulations was also conducive to promoting enterprise production and led to an increase of 170 million yuan in tax payments.

In Ningxia Hui Nationality Autonomous Region, the inspection of the enforcement of the Grassland Law and the Provisional Regulations on Grassland Contracts has helped promote the implementation of the grassland contract system. The area of grassland subject to various management contracts accounts for 82.5 percent of the total grassland area. Through the implementation of the grassland management contracts and the enforcement of the laws and regulations related to grassland management, the local authorities have effectively checked the unauthorized reclamation of grassland and other activities damaging the grassland, thus ensuring a benign ecological cycle for grassland development.

In Jianyang County of Fujian Province, the enforcement of the compulsory education law ensured the smooth

collection of educational fees. Such fees collected in 1986 amounted to some 200,000 yuan, and increased to over 1.2 million yuan in 1989. This gave a great impetus to educational development.

According to statistics in Liaoning and 10 other provinces, autonomous regions, and municipalities, in 1988 and in the first half of 1989, more than 3.3 million cases of administrative discipline violation were discovered during law enforcement inspections, and more than 1.6 million people involved in these cases were fined. In addition, disciplinary actions were taken against nearly 40,000 people; and nearly 6,000 people were brought to courts for trial for criminal law offenses.

In practice, many localities have found some effective ways to supervise and inspect the enforcement of laws and regulations:

- In Qingdao City, the law requires submission of reports to the city government about the enforcement of important laws and regulations enacted by the state 1 year after they come into force, and about the enforcement of local regulations enacted by the city government 6 months after they come into force.
- Beijing Municipality exercises target management over the work of law enforcement. Xuanwu District has organized full-time law enforcement supervisory teams which are sent to make spot checks and inspections everywhere to supervise the work of the personnel responsible for law enforcement.
- Local governments at various levels in Fujian have employed some people responsible for providing information about the enforcement of laws and regulations.

All these measures have improved the state of law enforcement and have played a marked role in enhancing the quality of the law enforcers.

At present, there remain many problems in law enforcement. People in society still have a weak sense of law. Many people, including some leading cadres, still regard "abiding by laws" as not offending the criminal law and not engaging in criminal activities. They have not realized that "lawabidingness" is a much wider notion including the observance of economic laws and administrative regulations. At present, some law enforcers have not received sufficient education, and some even do not understand laws and fail to abide by laws themselves. A small number of cadres tend to disrupt law enforcement by abusing their powers, and this has often forced law enforcement institutions to delay their action or to mitigate or rescind the measures they plan to take against lawbreakers.

The responsible comrades of the State Council's Legislative Affairs Bureau pointed out that when there is no law, we can enact the necessary law; but if the established laws are not strictly enforced, the legal system will lose its dignity and authority and the people will no longer trust and respect the legal system. It will be hard to retrieve the losses, and the legal system will lose the foundation

for its existence and development. Therefore, the supervision and inspection over law enforcement must be strengthened and the institutions for supervising the enforcement of laws must be perfected. This is an urgent task in the building of our socialist legal system and should be taken as an important affair to be handled in the routine work of the people's governments at all levels.

State To Help Married Employees Stay Together

HK1701013490 Beijing CHINA DAILY in English
17 Jan 90 p 1

[By our staff reporter Qin Xiaoli]

[Text] As the Spring Festival—the traditional holiday of family reunion—draws near, many separated couples in China will learn that the State Council, China's Cabinet, has worked out a special policy to help married State employees live together.

The policy, at its inception, will favour separated couples among the country's senior intellectuals. "New lonely hearts," created when young lovers graduate from college and are sent to work in different areas, are to be avoided when possible.

Separation of husbands and wives, a long-standing social problem in China, is now "no longer a threat to senior intellectuals," for the government has decided to give them an unconditional green light to move to work in a same place, CHINA DAILY was told.

Beneficiaries of this policy include people with doctorates from both home and overseas universities, and key persons in State jobs involved in technology advances, according to the Ministry of Personnel.

Right now, 300,000 couples who work for the State are separated because of different job locations. In 1979, when the government started to work on the problem, 1 million couples were separated.

"In the last 10 years, we helped one million couples move together but new separations emerge every year as husbands and wives change job locations separately and college students in love are assigned to different places," said an official from the ministry.

The key difficulty in solving this problem is the limitation of city vacancies. As governments at all levels have to watch the size of their cities, city resident permits, issued annually, are limited.

A ministry representative said the moving of high-level intellectuals shouldn't affect the quota, so medium-level intellectuals should have first priority in the allocation of precious city resident permits.

In order to prevent major cities from swelling too quickly, the ministry asked separated persons in big cities to join their spouses in smaller cities.

This represents still another problem. Most separated couples would prefer to unite in the big cities. Some have waited for a long time to achieve this goal.

When separated couples miss each other and run into problems raising children, the government shoulders other burdens.

Under the current system of allowing separated families to visit each other once a year with full pay and travel cost provided, 10 million paid work days are lost. The State pays 2.2 billion yuan to unite, briefly, separated couples, according to the national newspaper WORKERS DAILY.

"So, it is in the interests of both individuals, the State, and the collectives to solve this problem," the paper said.

The ministry spokesman said that from now on, husbands and wives should move together when they decide to change job locations. And university graduates who have confirmed their engagements, should be assigned to the same place.

Meeting Marks Panchen Lama Death Anniversary

OW2501203790 Beijing XINHUA in English
0925 GMT 25 Jan 90

[Text] Beijing, January 25 (XINHUA)—People of all walks of life gathered here Wednesday to mark the first anniversary of the death of the Panchen Lama, a former vice-chairman of the Standing Committee of the National People's Congress (NPC).

The Panchen Lama, also known as Bainqen Erdini Qoigy Gyaincain, died of a heart attack in Tibet January 28, 1989.

Addressing the meeting, Ngapoi Ngawang Jigme, vice-chairman of the NPC Standing Committee, highly praised the Panchen Lama by saying that he was "an outstanding leader of Tibetan Buddhism and a great leader of the Tibetan people".

Ngapoi called on people to learn from the moral character of the Panchen Lama, especially his patriotism, and his spirit of upholding the unity of the motherland and serving the country and people of various nationalities wholeheartedly.

Noted CPC Official Xu Deheng Dies

OW0802151190 Beijing XINHUA in English
1100 GMT 8 Feb 90

[Text] Beijing, February 8 (XINHUA)—Noted Chinese statesman Xu Deheng died of illness here at 4:14 p.m. today at the age of 100.

Xu Deheng was vice-chairman of the Standing Committee of the Sixth National People's Congress and honorary chairman of the Central Committee of the Jiusan Society, a democratic party in China.

Xu was a member of the Communist Party of China.

Music Published for Beijing Asiad

OW2101165290 Beijing XINHUA in English
1433 GMT 21 Jan 90

[Text] Beijing, January 21 (XINHUA)—Two tape cassettes of songs of this year's Asian games to be held in Beijing have been published, it was announced here today.

A total of 22 songs have been selected as songs for the coming Asiad starting on September 22, among which the one entitled "Hefting the Asiad Torch" is chosen the anthem of the games.

The two cassettes, "The Valiant Spirit of Asia" and "The Sun of Asia", include 19 songs and three instrumental musics.

Rural Living Conditions of Elderly Improve

OW1901081490 Beijing XINHUA in English
0708 GMT 19 Jan 90

[Text] Beijing, January 19 (XINHUA)—The living conditions of old people in China's rural areas have been guaranteed and improved as more farmers who have benefited from the past decade of reform are willing to give their support, according to the newly-established "CHINA SOCIAL AFFAIRS NEWS".

So far, a total of 3.07 million childless and infirm old people have been ensured the five guarantees, including food, clothing, medical care, housing and burial expenses by rural units and farmers.

This figure represented 95 percent of the country's 3.37 million childless old people with the five guarantees in accordance with the state's current welfare policy in rural areas.

Among them, more than 14 percent are living together in rural collectively-run old folk's homes which annually subsidize each of its aged members with an average of 441 yuan as cost of living.

Most of them, above 73 percent of the total, are living in their own homes by their own choice while their life necessities can be provided by the village committee, a self-management mass organization.

The rest 12.7 percent are supported by their relatives or friends with money or daily life necessities supplied by collective units in rural areas.

All the money and life materials supporting the aged are collected from farmers' own public welfare funds accumulated annually from their agriculture production.

The living standards of the old people under their care have been improved as a new way of managing and using the welfare funds and materials is being introduced to more areas.

At present, the management has already been expanded to China's more than 20,000 townships, about 40 percent of the total.

Under the new welfare management, life of more than 2.6 million aged, over 86 percent of the total guaranteed, has been improved.

Further, construction of old folk's homes has been brought into the line with many local governments overall plans on rural areas overall construction schemes.

Statistics from the Ministry of Civil Affairs showed, by the end of 1988, more than 36,000 old folk's homes voluntarily run by township or village governments as well as individuals, have been set up across the country.

It is said that these non-government run welfare facilities have received more than 430,000 people, mainly childless aged as well as disabled and orphans.

Of them, 41 homes were completely individually funded.

Local laws or regulations have been issued in 19 provinces and autonomous regions to further legalize the state's five guarantees.

Commentary Looks Foward to 'Bright Future'

HK3101104090 Beijing JIEFANGJUN BAO
in Chinese 31 Dec 89 p 1

["Sunday Commentary" by Zhong Xiqiang (6988 6932 6973): "The Future Belongs to Us"]

[Text] Today is the last day of 1989, and of the 1980s too. At the moment of bidding farewell to the outgoing year and ringing in the coming new year, we are very excited to look back on the past and forward to the future.

The outgoing year was extremely unusual. The most unforgettable event for the people was the political disturbance that broke out at the turn of spring and summer. The struggle entailed a considerable sacrifice on the people's Army and incurred a great cost on the People's Republic. Nevertheless, this has sharpened our vigilance, enabled us to see clearly the serious confrontation between the four cardinal principles and bourgeois liberalization, and the current danger of "peaceful evolution" that the monopoly bourgeois class in the world is seeking in our country and afforded us many instructive and valuable lessons. The decisive victory in the struggle has once again demonstrated the enormous vitality of socialist modernization lead by the CPC and displayed in the Chinese people's dauntless spirit of pressing forward with indomitable will. Thus we have every reason to be proud of the outgoing year.

Looking forward to the future, what will the development of the historic trend really be? In his speech at the meeting in celebration of the 40th anniversary of the

founding of the PRC, Comrade Jiang Zemin penetratingly pointed out: "Socialism replacing capitalism is the real mainstream of history. It is a decisive stage in which mankind emerges from the realm of necessity to enter the realm of freedom." Contrary to the absurd "prediction" made by a rebellious "elite," we have full confidence in the socialist future. This is only because the socialist system conforms to the law of the historical development of mankind. The theory of scientific socialism has a history of merely one and half centuries. A social theory could be turned into a revolutionary movement which engulfed the whole world. Just think. If the theory had had no internal certainty of the modern society, how could it have had such great vitality? There is no denying the fact that the current cause of socialism has been confronted with certain setbacks and difficulties. However, just as the development of Western capitalism cannot iron out the basic contradictions inherent in the capitalist system, the temporary difficulties facing socialism have not changed the inevitable trend of replacing capitalism, and are unlikely to do so. The development of history has never been perfectly straight. The change of a social structure and the introduction of a new system should all undergo a long process full of twists and turns. Using the image that the development of history is like a military review on straight avenues is absolutely a childish conception of history. The establishment of the capitalist relations of production took about 500 years, developing from its embryonic stage to the Industrial Revolution in some major countries and finally to the triumph over the feudal system. Since even a private ownership replacing another private ownership and a system of exploitation replacing another system of exploitation met with so many tribulations, then what is there to be surprised at if some twists and turns emerge in the growth of socialism, which will eventually put an end to private ownership and the system of exploitation?

With the clock striking midnight, we are going to stride into the great 1990s. In the coming 10 years, our country will attain the second target of its strategic development, which promises to enable our people to lead a fairly comfortable life, and will advance toward an even higher target in the 21st century. Our cause is magnificent. Our road ahead will be tortuous, but we face a bright future. Comrades, let us unite and create our future with confidence.

Commentary Views 1989, 1990's

OW3001135890 Beijing ZHONGGUO JIZHE
in Chinese No. 12, 15 Dec 89

[Monthly commentary by Hai Ya (3189 3209): "Strengthen the Building of the Contingent, Usher in the 1990's"]

[Text] The year 1989 will soon be over. This year, the last of the 1980's, is not to be forgotten. The political storm at the turn of spring and summer concerned the life and death, survival and extinction of our party, state, and nation. After an acute test of strength, we won

victory in this struggle, thereby safeguarding the fruitful results the Chinese people achieved in socialist revolution and construction through 40 years of heroic struggle under the leadership of the Chinese Communist Party. The year 1989 thus constituted a page of special importance in the annals of the Chinese socialist cause.

For Chinese press circles, 1989 is also an unforgettable year. Some journalistic units played a very abominable role in guiding public opinion during the above-mentioned political storm. This matter taught us an important lesson. At this time when we are sending off the old year and ushering in the new one, a common task before press circles is to make an intensive effort to draw lessons from the past so as to do still better in the future. Of all the lessons to be drawn, the most important and fundamental is that we should build a staunch journalistic work contingent.

In this political storm, a tiny number of so-called "turmoil elitists" appeared in our journalistic work contingent. Moreover, some comrades involved themselves in varying degrees in this turmoil one way or another. Actually, the mistake in guiding public opinion was only one of the manifestations of the problems. This reminds us that we should, in the first place, rectify our contingent and devote more efforts to improving our contingent organizationally. Now, all units are gearing up the investigation of people and their activities involved in the turmoil. This is exactly an important measure to strengthen the improvement of our contingent organizationally. In doing this work, we should, of course, avoid subjecting everyone to screening or exaggerating minor issues as key problems as in the case of previous political movements. What we should do is to persist in seeking truth from facts and act in strict accordance with the party policy with an eye to uniting and educating the majority. On the other hand, however, the investigative work must be thoroughgoing. We should not be ignorant of the political state of our contingent, otherwise we can cause a hidden danger. It goes without saying that organizational improvement is the foundation for building a staunch journalistic work contingent.

In addition, our contingent is faced with a heavy ideological task. Besides the ideological work that people of other circles are also faced with, such as studying the basic theories of Marxism-Leninism-Mao Zedong Thought to raise the level of theoretical knowledge and reinforcing the confidence in socialism and communism, press circles have a special ideological task to criticize the bourgeois journalistic viewpoint while firmly upholding the proletarian journalistic viewpoint. One of the manifestations of the lack of thoroughness in wiping out spiritual pollution and opposing the thought of bourgeois liberalization over the past years is the rampancy of the bourgeois journalistic viewpoint and the confusion of certain basic theoretical issues on journalism. In recent years, there is great confusion in the minds of a relatively large number of comrades in press circles with regard to such major issues as the so-called

"freedom of the press" and the "party spirit and for-the-people characteristic" of journalistic work as well as the question whether journalistic organs should act as mouthpieces of the party and the people. This constituted one of the major reasons for the mistakes made by some journalistic units in guiding public opinion during the turmoil. Recently many newspapers and periodicals published articles to criticize the bourgeois journalistic viewpoint. Yet these criticisms are merely preliminary. It is necessary to continue our study in this regard and link this study with a review of the practical experiences we gained in our work over the past few years, including the lessons we can draw from what we did in covering news during the turmoil and writing major influential news reports in recent years. An in-depth probe of the basic theoretical issues in socialist journalism under the guidance of Marxism will be of vital significance to the improvement of the political quality of our contingent.

We should also do well in improving the workstyle of our contingent. There is no denying that the idea of "putting money above everything else" has a corrosive effect on the workstyle of our contingent. Even today, we cannot say that the instance of writing reports for private gains is absolutely absent in our contingent. The workstyle of going deep into reality and among the masses to conduct investigations and studies was once considered out of date. Some comrades have said with concern that now if a reporter going to the countryside can reach the county level, he is considered to have gone rather "deep." If this kind of workstyle is allowed to develop, we will be unable to truly learn the thinking of the masses, nor can we feel the pulse of our times. Recently the party Central Committee called on us to make a firm resolve to do away with resistance, overcome all corrupt phenomena, and restore and develop the party's flesh-and-blood ties with the masses of people. We should warmly respond to the party's call. We should not only take the initiative to ensure that we are acting in accordance with the party's line, principles, and policies, but should also make remarkable progress in restoring and carrying forward the fine traditions of the party's journalistic work as reflected in its uprightness and honesty and its close link with the masses.

Professional improvement is also an important aspect of building our journalistic work contingent. In making news reports, we should seek truth from facts and overcome one-sidedness. Our reports should cover both good and bad news so as to establish credibility among the readers. Reports should neither have a tone like straight propaganda nor appear in a stereotyped style. They should be lively, dynamic, cordial, and touching, and show certain characteristics so that the readers will like them. Further, their contents should be wide-ranging and effectively serve the purpose of pinpointing problems, and there should be more reports based on reality and on the information provided by the masses so as to arouse the readers' extensive interest, help the masses to solve their ideological problems, and make the readers satisfied. We should continue to work hard to deepen the reform of our journalistic work in the correct direction.

The past 10 years of the 1980's in the 20th century was a brilliant decade in Chinese history. The forthcoming decade, the last 10 years in the 20th century, will be a decade of utmost importance to our state and nation. It is our hope that in the course of struggle, we will do well in building our contingent, make intensive efforts to reflect our great times, boost the morale of the 1.1 billion people in their march toward socialist modernization, and join them in creating a bright future with boundless enthusiasm.

Article Views Adherence to Socialist Road

HK0202012390 Beijing RENMIN RIBAO in Chinese
25 Jan 90 p 3

[Article by Hang Chen (2635 6591): "Take Our Own Road"]

[Text] Comrade Mao Zedong quoted an antithetical couplet to portray the inner-party subjectivists: "Reeds on walls are top-heavy and have a shaky foundation; bamboo shoots on mountains are sharp with thick skin and are empty inside." To analyze those who waver in the event of a political storm with the aid of this historical mirror, it is not hard to discover that they have a common disease, namely, the lack of a "foundation."

Regarding the foundation, it is necessary first to have a correct foothold. This foothold is the national conditions of China. Some people are unwilling to observe questions in light of the Chinese situation but are fond of following Western public opinion. The result is that the conclusion may very far from reality. If we make a comparison on the basis of the national conditions of China, we shall discover that China differs from any one country and region in the world. Even if it is the same leadership of communist parties, the CPC is a politically mature political party that has gone through the trials of blood and fire for several decades, that has maintained independence and kept the initiative in its own hands. Even if they are the same people's armies, the Chinese People's Liberation Army is an army with high combat effectiveness that was founded, and has been led, by the party itself, and that has been loyal to the motherland, the people, and socialism. Even if they are the same socialist systems, China has taken the socialist road with its characteristics and scored achievements that attract worldwide attention. Even if it is the same Marxist guidance, China has been guided us from victory to victory by Mao Zedong Thought that closely integrates the Chinese revolution with construction. In one word, all achievements in the Chinese revolution and construction have been created by the Chinese people after they had fought a bloody battle. It is because of this that the Chinese people will not voluntarily forsake the correct choice made after they searched for a long time, nor will they yield to any foreign pressure. Neither imperialism, which carried out provocations and enforced a blockade of us at the outset of the founding of our country, nor the foreign forces that made use of our temporary difficulties to pinch our necks in the initial period of the 1960's,

could make us surrender. Socialist China has always proudly stood towering like a giant in the east of the world. Having clearly understood this national condition, whatever change in the international situation may occur, and whatever may happen in the future, we will unswervingly adhere to our stand and take our own road.

While taking a firm stand, we must also strike root in the masses. Some good and honest people are liable to be confused, poisoned, and influenced by the so-called "elite." One of the most important reasons is that they do not really understand the desires and feelings of the masses. When the "elite" pleaded in the name of the people, they were mistaken for spokesmen of the people. As a result, they went to the length of confusing right and wrong. When they were divorced from the masses, they thought that they represented the masses and they were bound to be the antithesis of the masses. This is a very profound lesson. In fact, in some basic matters of right and wrong, such as whether turmoil or stability is good, whether capitalism or socialism is good, and whether private ownership or public ownership is good, so long as we really go deep to the masses and listen to their voices, we can easily reach a correct conclusion.

Marxism is the political foundation for us to settle down and get on with our pursuits. So far as the way of thinking is concerned, wavering politically and ideologically is closely linked with one-sidedness and absolutes. For example, in approaching the issue of capitalism, only "peaceful coexistence" can be seen, but not "peaceful evolution"; and only economic "friendly assistance" can be seen, but not political "over-containment." All this demonstrates the lack of an all-round and dialectical viewpoint. Marxism is a scientific world outlook and methodology as well as a powerful ideological weapon to overcome one-sidedness and absolutes. While grasping this ideological weapon, we can basically cure the political "disease of wavering." The Fifth Plenary Session of the 13th CPC Central Committee included the strengthening of theoretic study on the agenda of the whole party; placed emphasis on the serious study of the Marxist philosophy and a good grasp of the basic viewpoint and basic method of dialectical materialism and historical materialism. This is very necessary and timely. So long as we lay a good theoretical foundation and really learn how to apply the Marxist standpoint, viewpoint, and method to observe and analyze problems, we can keep a clear head, are fully confident of surely winning a victory, and can firmly take our stand and take our own road.

While the wheel of history is going into the 1990's, if we have the vast land of China in view, we can see that under CPC leadership, the Chinese people are steadily advancing along the socialist road with Chinese characteristics. China is stable. The Chinese people are full of confidence in the future. As Comrade Jiang Zemin announced to the whole world on New Year's Eve: "The Chinese people will unswervingly take their own road and create their own new socialist life." To those "who

are like the men of Qi who were haunted by the fear that the sky might fall, we still want to say: The sky will never fall!"

Article Examines Political Advocacy of Federalism

HK1801103390 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No. 3, 15 Jan 90, pp 4-5

[Article by Xu Gongmin (1776 0501 2404): "Commenting on Yan Jiaqi's Political Advocacy of 'Federalism'"]

[Text] From the remarks uttered by Yan Jiaqi in the past six months since he fled the country, we can find that what he yearned for day and night was a Western-style political system with that of the United States as an example and he was particularly keen on the federal system.

The "Federal System" Advocated by Yan Jiaqi

After Yan Jiaqi fled abroad, he talked a lot about the need to establish a federal system in China. According to the available records, he talked about this subject on the following occasions:

During the "Chicago Meeting" between 28 and 30 November 1989, he talked a lot about the four stages of development in China to reporters, saying that the fourth stage "will be one for China's reunification, and China will become a federal country with the people's own national congress and congressmen. The reunification of the mainland, Taiwan, and Hong Kong will be realized on the basis of the federal system. The mainland's economy will become a mixed economy with multiple forms of ownership." The theory about the so-called "four stages in China's future development" was then taken as the guiding idea for the "Democratic China Front."

In an article entitled "Will the Democratic China Front and China's Democratic Movement Succeed," Yan Jiaqi once again mentioned his "four-stage" theory about the "process of democratization," and pointed out that this was "a major theoretical ground for the future organization building and the strategy formulation of the Democratic China Front."

Yan Jiaqi also laid down a 16-character program for the front: "Terminating the autocracy, safeguarding human rights, re-establishing the republic, and building a federal country."

On 1 October 1989, Yan Jiaqi said when giving a speech to a gathering in the FRG: "We hope that China will become a federal country in the future, which includes Taiwan, Hong Kong, Macao, Tibet, Shanghai, Beijing, Sichuan, and other lands just like the FRG." "This time, the deputies of the 'Democratic Front' from various localities, including the deputies of Dalai Lama, were warmly welcomed by us. We understand the sufferings of the Tibetan people over a long time, and we also feel that only the federal system can solve the Tibetan problem."

The above-quoted remarks of Yan Jiaqi clearly show: First, he linked the federal system with his sinister attempt to overthrow the leadership of the CPC and the socialist system and to subvert the legal central people's government and took it as his ultimate goal. Second, he took the realization of the federal system as the common foundation for colluding with all separatists and all anti-Chinese and anti-communist forces at home and abroad and inside and outside the mainland.

Is It True That "Democratic Politics Can Be Realized Only Under the Federal System"?

In Yan Jiaqi's wanton slanders and crazy remarks, we can basically find that he tried to take the following points as his "theoretical grounds":

First, "only under the federal system can democratic politics be realized." Yan Jiaqi was a student of philosophy in the past. On this issue, he played the trick of changing the connotations of a concept in the course of argument. As known to all, democracy versus autocracy and the unitary system versus the federal system are two sets of different categories. Democracy is a state system vis-a-vis autocracy, and its original meaning is the popular power or the rule by the majority of people. In a class society, democracy is a political system under which most members of the ruling class enjoy the state's governing power. As the main form of a compound system, the federal system is only structural form of a country in which more state powers are delegated to various localities. Democracy is a system that determines who hold the state power as a whole, or more accurately speaking, determines that most members of the ruling class can hold the state power; while the federal system of government is just related to the structure of the distribution and operation of the state power. There are relations between the two, but their contents are obviously different. Among various countries in the contemporary world, the changes in the governmental structure and in the actual governmental operations show the tendency to replace the federal system with the unitary system with a higher degree of centralization. Some Western scholars also admitted that among the 18 federal countries, democracy developed to different degrees. Some of them were ruled by military governments over a long time and the people there enjoyed little democracy. On the other hand, most developed countries in the West pursue the unitary system, but they were publicly regarded as pursuing bourgeois democracy. As a "political scientist," Yan Jiaqi again and again confused the democratic system with the federal system. This may not be his accidental carelessness.

On the Issue of "Great Unity"

Second, "great unity is the root cause of China's autocracy, backwardness, and ignorance." This does not tally with facts. The prosperity and decline of a modern country are the comprehensive results of the social, economic, political, cultural factors in this country and

the international circumstances, and the determinant lies in the economic factors. The backwardness of modern China was caused by feudal oppression and imperialist aggression, and it was not an inevitable consequence of the great unity. The Chinese civilization was the most advanced civilization in the world for 1,000 years when China was unified by the Han, Tang, and Song Dynasties. The feudal society of China, which lasted for more than 2,000 years, underwent division intermittently for several hundred years, and no economic and cultural boom appeared in the periods of division. On the contrary, the rulers of the "small states" tended to be more savage and rapacious. In the periods of division, wars and social unrest occurred frequently, and the people could only live in destitution. When the people could not even guarantee their own subsistence existence, how could there be any social progress and development? In China's feudal period, the self-sufficient agrarian economy not only served as the foundation for the centralized state power but also served as a hotbed of feudal separatist rule. The separatist rule of the feudal warlords in turn further consolidated the natural economy and narrowed the scope of the close economies which were separated from one another and isolated in the small territories of the feudal lords. This was obviously unfavorable to the forming and growth of a nationwide unified market needed by the development of a commodity economy. Therefore, it is unreasonable to attribute the China's slow development in the feudal period to great unity. In modern China, did the warlords who once established their separatist rule in various localities make any contribution to China's economic and cultural development? China did not make substantial progress until the mainland was reunified under the PRC. Britain and France, the two countries which were the first to develop capitalism in the world both pursue the unitary system, and used the strength of the state to promote economic development. The United States, Germany, and Italy also first realized their national unification and then gradually made development along with the concentration of the state power. Some countries and regions which have developed rather quickly since the end of World War II also relied on the concentration of the resources in society. Today, when the economy has been highly socialized and the competition has become more and more intense, the idea of dividing a country into "small states" will only lead to social retrogression, and those who advocate this idea will just become sinners condemned by the whole nation for their attempt to split the country.

Will the Federal System Be Useful for Solving the Tibetan Issue?

Third, "the federal system can solve the Tibetan issue or other minority nationality's issue." Indeed, China is not a country with one single nationality. So the nationality issue is always a major consideration when the structural form of a country is being designed. However, few modern countries, especially large countries, are ethnically homogeneous in their population. That people of

different nationalities live together in the same area has become a more usual phenomenon as a result of the increasing intercourse between people of different countries and nationalities. This will never lead to the division of a country, because the structural form of a country is mainly determined by the historical, social, and cultural conditions of the country. China's selection of the unitary system was related to the country's history and the needs in reality. In modern and contemporary history, the several separatist and rebel incidents among the minority nationalities in China were all instigated by imperialism or were the results of the imperialist intervention. In the 19th century, the rebellions in South and North Xinjiang were caused by Britain and tsarist Russia.

In 1931, Japan set up a puppet regime in the name of Manchukuo, and this was a fact known to all people. The separatist tendency among a number of upper-class Tibetans in modern times was also inseparable from the abetting of Britain and Russia. After the opium war, the imperialist powers adopted a policy of nibbling at and carving up China's territory, thus causing untold disasters and humiliation to the Chinese nation. New China adopted policies for realizing nationality equality and autonomy, and various minority nationalities have thus become equal members of a big family and have gained real benefit in their economic and cultural development. A small handful of Tibetan separatists who engineered rebellions just tried to restore the dark feudal serf system with the support of some foreign forces. Yan Jiaqi, who claimed to be a "champion of democracy and human rights," even sided with the representatives of the serf owners. This just exposed their hypocritical features.

Will the Federal System Promote National Reunification?

Fourth, "the federal system will promote the reunification of Taiwan, Hong Kong, and Macao with the mainland." Taiwan, Hong Kong, and Macao are all inseparable parts of China's territory. The current divided state is a problem left down by the imperialist policy of aggression. In view of the reality, the Chinese government has put forward the formula of "one country, two systems" for realizing national reunification. Article 31 of the PRC Constitution stipulates: "The state may establish special administration regions when necessary. The systems to be instituted in special administrative regions shall be prescribed by law enacted by the National People's Congress in the light of the specific conditions." According to this, the Hong Kong Basic Law and the Macao Basic Law are being formulated. The established framework of the basic laws shows that after reunification, the special administrative regions will enjoy a high degree of autonomy in the legislative, administrative, and judicial fields for a long time, and the central people's government will only take charge of foreign and defense affairs in these regions in order to ensure the state sovereignty. This will guarantee the special interests in these regions. The generosity of the terms has been praised by Hong Kong and Macao

compatriots and Westerners who cherish no prejudice. They deeply know that under the principle of "one country, two systems," the special administrative regions will gain more real benefit than under the federal systems. Therefore, although Yan Jiaqi made such a big fanfare for the federal system, his idea won little acclamation in Hong Kong and Macao. On 11 August, Hong Kong's MING PAO published an editorial entitled "Hong Kong and the Idea about the Federal System;" and on 12 August, it published another editorial entitled "One Country, Two Systems Is Better than the Federal System." The two editorials, proceeding from the interests of the residents of Hong Kong, pointed out that "one country, two systems" is superior over the federal system in five aspects, namely, "the pursuance of a different economic system," "the adoption of currency, tariff, trade, and monetary policies different those on the mainland," "the authority to issue passports and travel documents on its own and to sign foreign economic and aviation agreements on its own," "the authority to control the entry of domestic and foreign people," and "the power of final adjudication and greater legislative and administrative powers."

To sum up, it is not hard to find that Yan Jiaqi's advocating of the federal system only served his political purpose of overthrowing the legal central people's government so as to remove obstacles to the establishment of a bourgeois republic in China. By grasping this key point, we may also easily understand why he always linked the idea about the federal system with his other ideas about "de-Maoism" (or "de-Dengism"), "political pluralization," "redressing wrongs done to the pro-democracy movement," "separating the three powers," "parliamentary politics," "building a mixed economy on the mainland," and so on. This was their ultimate aim. They attempted to overthrow the central people's government so as to establish the U.S.-style bourgeois federal republic.

Article Views Judicial Powers of Security Organs

HK3101012590 Beijing RENMIN GONGAN BAO
in Chinese 5 Jan 90 p 3

[Article by Wang Jinbiao (3769 6855 1753): "On Public Security Ministry's Right of Judicial Interpretation of the Criminal Code"]

[Text] The right of the Public Security Ministry to make judicial interpretations of the criminal code is a controversial one. One relatively general viewpoint is that judicial interpretative rights should be exercised by the Supreme People's Court and Supreme People's Procuratorate and not the Public Security Ministry. The viewpoint of this author is that, as one of the criminal judicial organs, the leading organs of the Public Security Ministry share with the Supreme People's Court and Supreme People's Procuratorate the same criminal judicial interpretative rights. Far more than offering advice, it has the right to independently make judicial interpretations of the criminal code.

First, from a theoretical point of view, the Public Security Ministry is one of the criminal judicial organs and, as such, should be allowed to participate in the judicial interpretations of the criminal code. "Judicial interpretations" refer to explanations by state judicial organs of the scope and norms of relevant laws. The term carries two meanings. The first refers to explanations by supreme state judicial organs of general issues related to laws. Such explanations carry binding power on judicial organs at all levels in citing proper laws. Second, the term refers to explanations by judicial organs concerning the application of the prescription of certain laws to specific cases, or specific legal facts, and as such, they are valid only for specific cases or facts. The judicial interpretative rights, in the author's mind, refer to the former kind. Judicial interpretative rights do not exist as independent state power but as one ancillary to state judicial power, and the nature of judicial interpretations is determined by judicial power. Although the interpretation power is granted by organs of state power, the power is premised on the existence of judicial power. Criminal judicial interpretation is explanations by state criminal judicial organs, based on criminal judicial power, of the specific applications of relevant criminal laws. This interpretation power is ancillary to state criminal judicial power, and should be jointly exercised by state organs enjoined with criminal judicial power. In our country, the concept of judicial power is understood in a wide sense, especially in criminal judicial areas. It includes not only the power to try criminal cases but also the power of criminal procuratorate and investigation. The criminal investigative, procuratorate and trial powers make up the state criminal judicial power. The lack of any one of the three powers would fail to establish complete state criminal judicial power. Because these powers are exercised under the same law, and point to the same direction—punishing crimes—the laws they are using are identical. The only difference is their respective roles as a result of division of labor at different stages. This is one of the characteristics of our country's criminal judicial system. On this reasoning, public security organs, people's courts and people's procuratorates are, by their nature, state criminal judicial organs. Therefore the judicial interpretation of the criminal code should be jointly exercised by the Supreme People's Court, Supreme People's Procuratorate and Public Security Ministry.

The second point concerns the legal basis for the Public Security Ministry's participation in the judicial interpretation of the criminal code. According to the "Resolutions on Strengthening Legal Interpretation Work by the National People's Congress Standing Committee," adopted on 10 June 1981, the Supreme People's Court is responsible for interpreting specific applications of laws and decrees in trial work; those in procuratorate areas should be interpreted by the Supreme People's Procuratorate, and the specific application of the rest of laws and decrees not in the trial and procuratorate work are subject to the interpretation by the State Council and its responsible departments. The resolution clearly shows

that the Supreme People's Court, Supreme People's Procuratorate and Public Security Ministry have interpretation power in respective spheres of specific applications of laws. However the "Resolution" has not specified that only the Supreme People's Court and Supreme People's Procuratorate should have judicial interpretation power of the criminal code. Moreover, the criminal code is a special legal norm over and above the respective jurisdiction of the public security, procuratorate and people's court organs. The criminal code is laws jointly exercised by the three organs: all three have respective specific application of criminal code in their respective jurisdiction. Therefore, according to the spirit of the resolution, the Supreme People's Court, Supreme People's Procuratorate and Public Security Ministry all have the right to make judicial interpretations of the criminal code. Of course, the interpretation power of the Public Security Ministry is not independent. It cannot conduct judicial interpretations of the criminal code alone, because the criminal code is jointly exercised by the Public Security Ministry, Supreme People's Procuratorate and Supreme People's Court. Similarly, the latter two organs are not allowed to exclude the Public Security Ministry in making judicial interpretations of the criminal code, since the criminal code is relied upon by all three organs. Interpretations should jointly be made all three organs.

Third, judicial interpretations of the criminal code by the Public Security Ministry correspond to the fundamental principles of criminal judicial work in our country. Criminal Proceedings Law Number Five specifies: "In conducting criminal proceedings, people's courts, people's procuratorates and public security organs should undertake division of labor, cooperate and place restraints on each other, and this is done to ensure an accurate and effective implementation of law." This is the fundamental principle of criminal proceedings law, and also that of criminal judicial work in our country. The regulation shows clearly that the Public Security Ministry, Supreme People's Procuratorate and Supreme People's Court are equal in status, and their relationships are one of mutual coordination and restraints, which are shown not only in the respective powers the three organs exercise in criminal proceedings, but also in the shared judicial interpretation power of the criminal code appropriate to all three. This shared judicial interpretation power is itself a restraining power.

Fourth, from the standpoint of the content of criminal judicial interpretations and the role played by public security organs and the nature of their work in criminal proceedings, public security organs are qualified to participate in criminal judicial interpretations. The core of criminal judicial interpretations is to explain a certain criminal law in relation to a convicted crime, and the basis for such an explanation lies with the harm done to society by an act. Public security organs are criminal investigative organs, and the main content of their work is to track criminals. Their work places their personnel on the frontline against criminals and crimes, and the

organs have direct and specific understanding of the degree of social harm of criminal acts. Therefore, in the specific application of laws in convicting crimes, public security organs have a full, direct and privileged status as far as their opinion is concerned. For this reason, excluding the leading organs of public security organs from criminal judicial interpretation power does not correspond with criminal judicial practice. A judicial interpretation not partaken by Public Security Ministry is incomplete.

Fifth, the structure and hierarchy of the Public Security Ministry show that it is, organizationally, a governmental department, and at the same time a relatively independent functionary department. According to the current organizational principles as practised in state organs, public security organs need only report to their immediate superiors. In criminal proceedings, apart from enforcing, according to legal processes, the rulings, sentences and other relevant decisions by courts or procuratorates, public security organs are not associated with the Supreme People's Court or Supreme People's Procuratorate in a hierarchical way, and are responsible for neither of the two. Therefore, the Supreme People's Court and Supreme People's Procuratorate are in no position to issue binding, prescriptive documents to public security organs. The judicial interpretations they make are only binding for courts and procuratorates in the application of law, but not so for public security organs. Therefore, without the participation of the Public Security Ministry, it will be an inconvenient matter if judicial interpretations are to be enforced by public security organs in criminal proceedings. Such a state of affairs will not only create difficulties for public security organ's investigative work, but also bring bad influence to all of criminal proceedings work.

Sixth, the participation of public security organs in criminal judicial interpretations also arises from the need of criminal judicial practice in our country. In the past, many judicial interpretations have jointly been conducted by the Supreme People's Court, Supreme People's Procuratorate and Public Security Ministry. For instance, both documents—the "Answers to Certain Questions on the Specific Application of Laws Relating to Current Cases of Abductions and Sales of Persons" printed by the Supreme People's Court, Supreme People's Procuratorate and Public Security Ministry on 31 March 1984, and the "Answers to Questions on the Specific Applications of Law Concerning Rape Cases" printed by the same three organs on 26 April 1984—explained the specific applications of laws by the Public Security Ministry, Supreme People's Procuratorate and Supreme People's Court in criminal proceedings.

Based on the above arguments, to strengthen criminal judicial interpretations, we should restore the status of the Public Security Ministry in criminal judicial interpretation work. From the standpoint of the status, and its missions, of public security organs in criminal judicial

work, the chief areas of judicial interpretations undertaken by public security organs are the specific application of criminal codes in convicting cases. In general, public security organs do not participate in the application of criminal codes concerning the amount of punishment meted out to the convicted; this is left to the Supreme People's Court and Supreme People's Procuratorate.

Article Notes New Population Movement Modes

HK1901071590 Hong Kong LIAOWANG OVERSEAS
EDITION No. 2, 8 Jan 90, pp 16-17

[Article by Zhang Mengyi (1728 1322 0308): "A New Mode of Population Shift and Mobility in China"]

[Text] The wave of population movements that appeared in China in 1989 gave a great shock to China's society: In the whole country, there was a mobile force of 60 million, and for every 20 persons, one person was on the move. The average daily population movement in the 23 large cities and towns which had a population of over 1 million each reached 10 million.

Large population movements caused the development of the service trades and brought prosperity to the urban economy, but an immense pressure is added on urban communications, the water supply, and residence and postal and telecommunication facilities. How to assess the rarely seen phenomenon of the population movements appearing on Mainland China in the 1980's and how to understand the tendency and direction of China's population migrations are problems with which both Chinese and foreign scholars in population studies are deeply concerned. They were also the main problems discussed in the international scholastic discussion meeting recently held in Beijing.

Wave of Population Shifts and Mobility in the 1980's

A random sample survey of 1 percent of China's population conducted on 1 July 1987 revealed that from 1 July 1982 to 30 June 1987, of the total population under the sampling survey in the country, the number of migrations was 350,000—or 3 percent—while the number of people moving in was the same as that of those moving out. Calculated on the basis of the 1 percent sample survey, throughout the country during this period, at least 12.94 million people moved from the counties into the cities and towns. This was equivalent to the growth in the 5 years of some 65 middle-sized cities and towns with a population of 200,000 each.

Relevant specialists believe that migrations of the rural population was the principal feature in China's population movements in the 1980's. Throughout the entire country during this period, 6.94 million people in the rural villages moved into the cities, 8.05 million rural people moved into towns and townships, and 5.76 million people moved from one country to another. The total rural population participating in the migrations totaled as much as 20.77 million, or 68 percent of the

total of people moving in the whole country. The major force of the population migration consisted of the flow of labor force. According to the sample survey, the peaks of the migrations were: 24.9 percent of the total inward-migrating population consisted of people between the ages of 20 and 24; 55.5 percent consisted of people between the ages of 15 and 29; and 76.4 percent consisted of people between the ages 15 and 49. The main causes of the migrations were matrimonial reasons, following families' migrations, and transfers in work assignments. The secondary causes were joining relatives of friends and serving as workers or merchants. This reflected that the migrations were principally of the social-type of planning or work-transfer type while the economic type only had a beginning. Seen from the geographic distribution of the migrants moving in, in the whole country 52.7 percent moved into the middle 13 provinces, cities, and districts; 43 percent into the 11 eastern and coastal provinces and cities; while only 4.3 percent moved into the 5 provinces and regions in the eastern section of the country.

Inevitable Tendency in Historical Development

Professor Masher, a scholar in the study of population theories, made the following observation on the shifts of China's population: "In China, in the course of the transition of the pre-industrial society that was mainly based on the natural economy to an industrial society, the two kinds of transitions of the rural population were still the inevitable tendency of historical development. Under the socialist system, use is made of intermediate factors of powerful policy intervention and an administrative mechanism to the control of the size of the population, guide the direction of the shift in population, and effect the formation of population migration so as to achieve the purpose of having the population be in harmony with the planned economic development."

From the experiences of various countries in the world in the development of population migration, scholars have explained that there were many causes affecting the conduct of migration, but the economic causes seemed to have been the major and most prevalent ones. In a similar manner, the population shifts in China have followed the social phenomenon of the growth and daily strengthening of the urban economy and also reflected the innate demand of China's economic development. In the 1980's, China's town and township enterprises rose to the scene, and in 1984 the government issued a circular allowing the peasants and their family members who could raise their own funds; tend to their own grain rations; and possess a place of abode in the cities and towns, have the ability to run a business, or have served for sometime in town and township enterprise units to enter into cities and towns to serve as workers and merchants. According to an investigation made of 43 cities and towns, this category of people made up of 6 percent of the town and township population and formed roughly 15 percent of the population moving into the cities and towns. Two-thirds of them managed to earn an income higher than before. Many people have

thus located their own position in the vast expanse of the commodity economy and obtained sizable actual benefits. This was one of the causes leading to the increasingly frequent population movements. Moreover, China's big population but relatively limited area of cultivated land has pushed the surplus labor force in the rural areas to go outside and find work. In addition, the daily expanding scissors differential between the prices of industrial and agricultural products has affected the peasants' enthusiasm and added to this the fact that urban residents enjoy various forms of amenities, the peasants who are petty producers and who all along have nursed the ideology of egalitarianism are naturally greatly attracted. This is what is called the "push-and-drag" theory in population studies.

Hence, Chinese and foreign scholars have emphasized the need to have a full understanding of the positive significance of population movements and to adopt certain alleviating measures concerning these problems. There is no need to feel concerned with, or be frightened by, the occurrences of population movements. Far less should we consider surplus rural labor force as "burden," or categorically and without making any analysis or noting the concrete circumstances term population movements as the blind flow of the population. Stemming the tide of population flow runs contra to the development of the commodity economy. Nevertheless, some scholars have come to the belief that if the population flow is too strong and the development of small townships and towns is too rapid as a result of the overheating of the economy, particularly the over-rapid development of the commodity economy, then we still need to give sombre thought to the developments.

Among the theoretical circles and certain policy-making departments, opinions are at variance in respect of the problem of population movements. Some people have advocated "opening wide the city gates," and have even taken exception to China's especial system of household control; some people have suggested shifting the surplus rural labor to the small cities to lighten the pressure on the large cities and towns; while still others have recommended sternly forbidding peasants to move into the cities and towns. On the other hand, the belief of certain scholars taking part in the "international scholastic discussion meeting on China's population movements and urbanization" was that all the above advocations and suggestions were not in conformity with China's realities. In China's cities and towns, development of the basic facilities has been extremely slow, residences are sadly lacking, there is insufficiency in various kinds of coordinated facilities, their holding capacity is very limited, the growth of their own populations has already put them in a state of being overloaded, and they have no way to stand the enormous pressure of an influx of population from the rural areas. The small towns and townships have also developed very slowly. The influx of a large volume of the labor force will surely cause a dire shortage in resources and violate the ecological equilibrium. Fighting with state-run enterprises to seize the raw

materials market will eventually lead to the closure of a large number of town and township enterprises. They pointed out: the main guiding direction in social economic development is the estate and individual division of work, with by far the great majority of peasants leaving their land and shifting to tertiary industry in the cities and towns. Before this inevitable tendency in historical development mankind is helpless what can be done is that under definite conditions we follow the development of history, adopt measures to suit the circumstances, and take positive counter policies there is no exit in retreat.

Changes in the Mode of Population Movements

China's economic pattern is the foundation for the mode of the shifts of the population. Many scholars have pointed out that the bondages of the old economic structure, plus the policy of controlling the movements in a unitary direction and the policy of urban development restricting the scale of population intensify the state of segregation between the urban and rural areas and are not suited to the development of the commodity economy and of the whole society. A stagnated state in population hinders the free movements of talented personnel, the exchange of science and technology and the development of the socio-economy. All-out free migrations of the population do not conform with China's national conditions but a stagnant and closed-up population stature is not a long-term measure. Hence, facing us now is a selection of a population migration mechanism which is coordinating and balancing. The belief of the scholars is that the new pattern should be under planned guidance and conditionally and gradually opening the cities and towns up and employing economic measures to influence the shifts in population. For this reason, certain policies and measures must be readjusted as follows to use the distribution of the industries to lead rural labor force into the medium-sized and small cities and towns, to encourage and permit peasants owning large amounts of funds to voluntarily go into the medium-sized and small cities and towns, and to readjust and consolidate the town and township enterprises so as to avoid large amounts of surplus labor force remaining idle and lashing at the cities and towns; we should reduce the urban-rural differential; increase the proportion of investments in agriculture; at the same time, we should readjust agriculture's internal structure, develop multiple kinds of operations such as forestry, animal husbandry, fisheries and so forth. The fundamental guiding point of the policy should be that both cities and the countryside should simultaneously and stably push the urbanization of population, that is, there are people who leave the land but not the countryside and also people who both leave the land and go into the city, and concurrently expanding the capability of the large cities and towns in absorbing peasants and providing them with employment and at the same time building up new cities and towns in the countryside, thus expanding the urban network. Naturally, it is essential to advocate the flow of the urban

scientific and technical personnel to the countryside in support of the town and township enterprises.

Specialists have pointed out that despite the fact that China's policy on population migration has changed from the overall control in the 1950's to a policy of control and decontrol, the significant point still lies in emphasizing the restriction of the development scale of the urban population and the different functions and development potentials of cities seem to have been overlooked. They express the opinion that we should not be afraid of urban inflation and place on it passive restriction. On the contrary, we should positively utilize and display the potentialities of the existing cities and towns and build more new cities and towns so as to speed up industrial development and attract more rural surplus labor force.

Science & Technology

Book Collects Selected Qian Weichang Treatises

OW0802144790 Beijing XINHUA in English
0905 GMT 8 Feb 90

[Text] Beijing, February 8 (XINHUA)—A book containing selected scientific treatises of Qian Weichang, a leading Chinese physicist, was published today.

Qian Weichang, 79, is a vice chairman of the China Democratic League. Before liberation in 1949 he did research work in the U.S. and Canada. Later, he came back to China and taught at Qinghua University. He has written nearly 200 scientific treatises and reports during his 55 years of research.

The book, published by the Fujian Educational Publishing House, collects 84 articles by Qian, among which 25 were written in foreign languages, 35 in Chinese, and the other 24 in both Chinese and foreign languages. The topics include ring shell theory, variational method, finite elements, Chinese language computer, problems of large deflection of thin plate, tube plate, fracture mechanics, shell with ribs, and trigonometric series.

In the preface to the book, Qian wrote, "The publication of the book shows the party's concern for scientific workers."

The Science and Technology Committee under the China Democratic League and the Fujian Educational Publishing House held a launching ceremony for the book here today.

Management of Xian Satellite Station Viewed

HK2501001990 Beijing JIEFANGJUN BAO
in Chinese 28 Dec 89 p 2

["Report From a Mysterious World" column by Su Kuoshan (5685 2368 0810): "Ordinary People Who Are Managing the Sky"]

[Text] After communication satellites were successfully launched, people were greatly excited and said to each other: "People will not miss any more exciting football matches because of a breakdown in the live telecast, due to a lack of satellite relay channels."

People in Xinjiang and Tibet can now watch television programs relayed through the satellites. But, while you are grateful to the designers and manufacturers of the communications satellites, please do not forget the operators. Without daily management of the satellite operations, the communication satellites would not be able to perform normal functions. Not long ago, this reporter visited the Xian Satellite Control Center and observed the mysterious lives of these satellite operators.

Dong Deyi, a lieutenant colonel and the chief of the satellite station, has more than 10 years' work experience in controlling satellites. In his office, he explains the management of the communications satellites with high zest.

"After being launched, the satellites were fixed at a certain position 36,000 kilometers above the ground. Although it was designed to move at the same speed as the earth's rotation speed, it may still drift away from the 'fixed' position because of the influence of the perturbation of the sun, the moon, and the earth, and other high-altitude physical factors. To manage the satellites, our ground station is to pull the satellites back to the 'fixed' position and maintain its correct dip angle. Moreover, when the sun, the earth, and the satellites move onto the same straight line, the satellites will not receive any solar energy as they move into the shade of the earth. At this moment, the ground station will have to ensure the energy needed by the satellites. Another more important function of the ground station is to constantly monitor the working conditions of the satellites."

Since the successful launching of the communications satellites, the Xian Satellite Control Center has begun its unceasing management work which will continue until the end of the satellites' life.

In order to ensure that the programs of the central television station will be received by millions of families all over the country, that the football fans will never miss exciting matches, and that the communications channels as the country's nerve center will never break down, the operators in the satellite station always keep watching the "Chinese star" both day and night. They unmistakably discover every change in the signals, accurately issue all kinds of commands, and ensure the best working condition of the satellites.

Normally, the adjustment of the satellites' position and dip angle is conducted once a month. At that time, the data collected in the past month will be used to judge whether the satellites have drifted away from the fixed point, then a series of commands will be issued at the opportune moment to start the engine installed inside the satellites, which will be propelled back to the right

place. Next the dip angle will be adjusted. It is impossible to "see" the posture of the satellites at the high altitude of 36,000 kilometers. All analysis and calculation must be based on the tiny signals issued from the satellites. Therefore, the people working in the satellite control center must be highly intelligent and careful, and they have cultivated this habit in their work.

These people can still clearly remember every command even after continuously working for three days and nights without eating or sleeping. The story about an old engineer who did not realize the taste of food prepared by his wife was widely circulated, and still influences the younger generation of scientists and technicians. On the morning of 10 March this year, when the duty monitors discovered abnormal signals from the communications satellites, many technicians not on duty also rushed back to the workshop to check the technical problems until the problems were solved.

The busy seasons for satellite management are around the solar terms of the spring equinox and the autumnal equinox. Several weeks before and after these two solar terms, the satellites move to the same straight line with the earth and the sun once every day. As the sunlight is blocked by the earth, the solar energy battery in the satellites cannot work. The reception and transmission capacity of the satellites will decline at this moment, and its communication efficacy will thus wane or completely disappear. The storage battery in the satellites must then be turned on and off when the satellites move into the shade of the earth in order that it can maintain its normal functions.

This is never as easy as switching on and off electric appliances on the ground. In the busy season, they have to work continuously for 45 consecutive days in order to control the energy for three satellites at the same time through the ground equipment. This is very difficult.

On 4 April, a "usual" day, the ground station continuously sent the data received from the satellites to the computer center. At 1900, the control center issued the control order. At 1930, the ground station began to trace the satellites and monitor their changes. Then, a number of commands were issued to adjust the deviation of the satellites. After that, the ground station began to the energy control operation for the three satellites. In foreign countries, there was no precedent of simultaneously controlling and managing several satellites, but our country had already carried out successful trials.

The scientists and technicians in the Xian Satellite Control Center successfully realize the exchanges between man's world and the heavens with their scientific wisdom. Their ordinary hands send out chains of mysterious electric waves to manipulate the satellites at the altitude of 36,000 kilometers, and make them move in line with man's will, and serve human civilization and progress.

Military

Article Discusses Utilizing Returned Students

HK0602062790 Beijing JIEFANGJUN BAO
in Chinese 30 Dec 89 p 1

[Report by Li Xianjun (2621 0341 6511) and Li Peicai (2621 1014 2088): "The Commission of Science, Technology, and Industry for National Defense Makes Earnest Efforts in Managing Students Who Return From Their Studies Abroad"]

[Text] Units affiliated with the Commission of Science, Technology, and Industry for National Defense are improving their management over students who have returned from their studies abroad, so that these students can display their talents and role at their posts. At a forum held in late December for a group of students who had just returned from their studies abroad, leading comrades from this commission carefully listened to the opinions and suggestions of the participants on managing and using students who return from their studies abroad.

For the last few years this commission has sent several hundred students to study abroad. Units under this commission have frequently sent letters to them explaining the party's relevant policies and have also occasionally provided them with information on scientific and technological development in the country and their units so that these students can make ideological and technological preparations before returning home. Personnel going abroad on official business are required to visit these students, to find out about their situations, to solicit their opinions, and to form a better understanding between them. The party's concern has fostered cordial feelings in the hearts of these students.

This commission has shown much solicitude for students who have returned from their studies abroad. It has solved their housing problems, enabled husband and wife living in different places to live together, and provided better schooling for their children. In addition, the commission has shown fuller political trust in these students and taken various measures to commend advanced elements among them. As advanced representatives, three of them have had the honor of meeting party and state leaders. Units under this commission are providing enthusiastic support for these students and have promoted advanced elements among them. Incomplete statistics suggest that 38 percent of them have taken up leadership posts at different levels, 53 percent have become members of state-level specialists' groups, and quite a number of them have become leaders of teaching groups or scientific research groups.

Economic & Agricultural

1989 Indexes Reflect Austerity Policy Extent

OW0702074090 Beijing XINHUA Domestic Service
in Chinese 0902 GMT 5 Feb 90

[Text] Beijing, 5 Feb (XINHUA)—The eight major economic indexes for 1989, jointly released today by the State Statistics Bureau, the State Planning Commission, the Ministry of Finance, and the People's Bank of China, show that the policy of economic austerity and further reform, implemented in the past year, achieved initial results. Social demand was effectively brought under control, investment in fixed assets was reduced, and wage increases eased up. However, the drop in industrial economic effectiveness has emerged as a major factor hampering economic growth.

1. Investment control paid off remarkably. After adopting a number of effective measures in the past year, such as scaling down projects under construction, curbing new projects, tightening investment credit, strengthening supervision and inspection, and handling promptly investment-related offenses, the State Council was able to curb excessive investment in fixed assets, a phenomenon in existence since 1985. As a result, the chaotic investment situation was noticeably improved. In the whole year, state-run units completed 251 billion yuan of fixed assets investment projects, down by 25.3 billion yuan from the year before, showing a decrease of 9.2 percent. Taking inflation into account, the actual decline in the work load was near the target set for the year. Except for Shanxi, Hainan, and Xinjiang, where investment increased, 26 provinces, autonomous regions (excluding Tibet), and municipalities saw their investments shrink from the year before. Besides, the investment structure also was improved. The proportion of nonproductive construction in the total investment was lowered from 34.1 percent of the year before to 31.6 percent; construction of office buildings, auditoriums, and guesthouses, in particular, was effectively brought under control. While the overall investment decreased, energy, transportation, and post and telecommunications departments increased their investments. Investment in local projects also saw a sharp decline. In the whole year, investment by local state-run units was down by 14.1 percent from the year before, which saw an increase of 25.3 percent.

2. Increase in consumption funds slackened. In 1989, economic retrenchment efforts also resulted in marked progress in bringing consumption funds under control. The total wage paid in the whole year amounted to 264 billion yuan, up 14 percent from the year before. However, this represented a decline of 9.1 percent in the annual growth rate from 1988. Wage increases eased up month after month, while bonus increases also slowed down. Of the year's total wages, 55 billion yuan was paid as bonuses, up 23 percent from the year before. This again represented a decline of 18 percent in the annual growth rate from 1988. However, growth rates varied with localities. Guangdong for example, with an annual growth rate of 34.1 percent in 1988, again saw a growth

of 22.5 percent in 1989 which makes it the leader in the nation in annual growth rate.

3. Bank credit was tightened at first and later eased up. In 1989, the nation's total bank credit balance amounted to 1,240.3 billion yuan, an increase of 185.2 billion yuan as against the beginning of the year. The increase in the bank credit balance exceeded that year's target of 160 billion yuan. In early 1989, strict implementation of the austerity policy led to stringent credit management. As a result, credit and loans for the first three quarters were effectively brought under control, and by the end of September the total amount of loans was only 60.1 billion yuan more than that of the beginning of the year. In the fourth quarter, however, the credit squeeze was eased to the extent that in the last two months of the year loans grew sharply, with the total increase for the two months reaching 99.1 billion yuan, which represented 53.5 percent of the total credit growth for the year. As we are at a crucial juncture in our effort to control inflation and stabilize prices, the policy of credit control has to be adhered to. We can only help enterprises solve their capital shortage by strengthening funds management, readjusting credit structure, and bettering fund circulation.

4. Industrial economic effectiveness declined. Labor productivity grew slowly. In 1989, the per capita labor productivity in state-run industrial enterprises having an independent accounting system was up 1.6 percent from the year before. That, however, represented a decline of 7.7 percent in the annual growth rate from 1988. The five provinces of Jilin, Jiangsu, Zhejiang, Hubei, and Hainan, as well as the municipality of Shanghai, saw negative increase in their per capita labor productivity. The cost of products rose sharply. As a result of the rise in the prices of raw materials and the slow growth in production, the costs of comparable products manufactured by budgetary state-run industrial enterprises rose by 22.4 percent in 1989. Only Beijing, Guangxi, Hainan, Guizhou, Yunnan, and Ningxia had their increases in costs of comparable products below 20 percent. Sales profits and the tax rate was down. In 1989, the sales profit and tax rate of budgetary state-run industrial enterprises was down from 19.3 percent of the year before to 17.27 percent. Profit and tax rate on capital decreased on the whole. In 1989, the profit and tax rate on capital of budgetary state-run industrial enterprises was down from 21.99 percent of the year before to 19.4 percent. What merits attention is that the 29 provinces, municipalities, and autonomous regions all saw their profit and tax rates on capital decline from the year before. Energy consumption was down a little bit. In 1989, the energy consumption per 10,000 yuan of industrial output value in state-run and collective enterprises at and above county level was 4.82 metric tons of standard coal, which represented a decline rate of 1.43 percent in energy consumption.

The state departments concerned pointed out: There are various factors contributing to the continued decline in the economic effectiveness of industrial production. To alter the situation, it is necessary to improve the external

circumstances. However, it is more important that we solve the problems within the industries themselves. We must intensify technological renovation, refine operation mechanism, improve management, accelerate the process of shifting the emphasis on fast growth to better economic effectiveness, and help enterprises overcome the predicaments of high investment and low output and of fast growth and poor economic effectiveness.

State Statistics Bureau on Invigorating Markets

OW3001043790 Beijing XINHUA Domestic Service
in Chinese 0839 GMT 25 Jan 90

[By reporters Zhao Mingliang (6392 2494 0081) and Zhu Youdi (2612 1635 2769)]

[Text] Beijing, 25 Jan (XINHUA)—Currently, the market flow in China is erratic. This condition has caused concern. Is there any way to solve this major problem affecting the normal operation of production in our society? The State Statistics Bureau gives us the following suggestions: To open the market in various ways and speed up the recovery of currency from commercial circulation. With stable recovery of residents' normal living consumption, it is possible that the low ebb of market sales will be over.

The condition of the market has declined rapidly since the summer of 1989. The total retail sales of social commodities has experienced a drop in four consecutive months since August last year, with the exception of last December when an increase of 0.3 percent was recorded. After deduction of inflationary factors, the total annual retail sales of social commodities actually decreased 7.7 percent—a situation which has never happened in the last 27 years. Market conditions for production materials have also begun to get worse since the third quarter of last year.

According to the State Statistics Bureau analysis, it is inevitable that the sale of commodities drops in the market when demand is curtailed by circumstances. It was estimated that, due to measures, such as value-keeping deposits and bonds, collection of capital funds from society, control of collective consumption, and curtailment of investment, the loss of purchasing power of consumer goods is tantamount to more than 10 percent of the total annual retail sales of social commodities. With improvement in supply-demand relations in society and the functions of economic and psychological factors, the domestic market was stabilized after overheating. Meanwhile, this phenomenon has something to do with incomplete work of circulation links, overdiversification of purchasing power, and insufficient efforts to open the market in rural areas.

To solve the clogging problem in all links of production in society caused by stagnant circulation, the State Statistics Bureau suggests: Great efforts must be made to open the market, to properly increase the proportion of commodity recall in currency recovery, and pay attention to the following effective measures:

- Industrial enterprises must produce more products with a ready market, practice the policy of small profits and quick turnover, raise the quality of products, increase their variety, and improve after-sales service.
- It is necessary to strictly control the raising of capital from society and to have a proper diversion of purchasing power.
- Open up the market in rural areas, strive to sell industrial articles in the countryside, increase stock of commodities in rural markets, conscientiously solve the problem of shortage in purchasing capital in grassroots supply-marketing cooperatives, and resolutely eliminate the phenomenon of issuing i.o.u. slips to peasants for their agricultural and sideline products to enlarge purchasing power in rural areas.

The State Statistics Bureau says: Market problems concern the livelihood of the people. A stable demand in society requires a stable market. Currently, it is imperative to prevent the impact of price hikes upon the people. The State Statistics Bureau holds that the sale conditions in the market in 1990 will turn from slow to stable, and yet will be somewhat tight in this stable condition. The low ebb in market sales will be gradually over. It is still possible that the supply of commodities in the market in the second half-year will become tight again.

Provisions on Marking Commodity Prices Listed

OW0602204290 Beijing XINHUA Domestic Service
in Chinese 1003 GMT 5 Feb 90

[Text] Beijing, 5 Feb (XINHUA)—Cheng Zhiping, director of the State Administration of Commodity Prices, signed order No. 1 and promulgated the "Provisions on the Implementation of the System of Clearly Marking the Prices of Commodities and Services" on 1 February. The text of the document follows:

Provisions on the Implementation of the System of Clearly Marking the Prices of Commodities and Services (promulgated on 1 February 1990)

Article 1: In accordance with the "Regulations of the People's Republic of China on the Administration of Prices," these provisions are formulated to strengthen the administration of prices, safeguard the normal order of market prices, encourage appropriate competition, facilitate supervision and examination, and protect the legal interests of consumers.

Article 2: All enterprises, state organs, institutions, other organizations, and individual industrial and commercial establishments which collect fees must implement the system of clearly marking the prices of commodities and services.

Article 3: In marking the prices of commodities, red, blue, and green price tags shall be used to clearly distinguish the three types of prices—state fixed prices, state-guided prices, and market regulatory prices. In the areas which lack the necessary conditions, single color price

tags may be used on a temporary basis after obtaining the permission of the provincial, autonomous, or municipal price departments. Service charges must be clearly marked on a price list. All price tags and price lists shall use Arabic numerals to clearly mark the amount in renminbi. Enterprises and institutions authorized to accept foreign exchange tickets must mark their price tags and price lists with the amount of foreign exchange tickets.

Article 4: Units and individual industrial and commercial establishments which implement the system of clearly marking the prices must mark the prices clearly on the price tags and price lists. The prices must be accurate. Each commodity must have a price tag, which should be placed in a position that can be easily seen. Should there be a change in the price, the price tag must be promptly replaced with a new one.

Price tags shall be determined in a unified way by local price inspection organs.

Article 5: The sales dispatch lists of wholesale enterprises in the locality of production (including production enterprises which market their products on a wholesale basis) must be clearly marked with the factory price or the purchase price in addition to the wholesale price of the commodities to be sold. The sales dispatch lists of wholesale enterprises in the locality where the commodities are to be sold must state the wholesale price of the place where the commodities are ordered or their factory price.

Article 6: The price tags of retail shops (including commission shops and sales exhibitions) and individual industrial and commercial establishments must include the following: name of the commodity, item number, specification, grade, unit of measurement, and retail price. In localities where conditions permit, the difference between the wholesale and retail price may be marked. The price tags of enterprises shall be stamped with the chops of price inspectors. Marking down the prices of commodities for clearance will be done openly in order to differentiate them from normal prices.

If some special trades wish to increase or reduce the contents of price tags or adopt different ways of marking prices, and where it is inconvenient to display the prices for some particular commodities (such as valuable artistic works or antiques), permission must be obtained from local commodity price departments.

Article 7: Inns (including guesthouses, hotels, and hostels), eating houses, barber shops, public baths, transport units (including taxis and non-machinery-powered vehicles), posts and telecommunications units, medical units, movie theaters and other recreational places, tourist areas, parks, sports venues, repair and service units, printing houses, vehicle parking lots, and paid service units or localities must clearly display their detailed price lists, which must include the name, grade, and specification of charges, service items, units of measurement, and standards for the charges. Price departments

will determine the contents of price tags and the method of marking prices in accordance with the characteristics of various trades.

Article 8: In addition to marking the names, specifications, units of measurement, and selling prices of commodities entering markets for the means of production, market authorities should clearly display the ceiling prices of some commodities prescribed by the state.

Article 9: Units and individual industrial and commercial establishments engaged in purchasing farm and sideline products and scraps of waste products must display a purchase price list at the locality of purchase, clearing marking the names of products, their specifications, grades, units of measurement, and purchase prices.

Article 10: The wholesale prices of farm and sideline products must be clearly marked. If necessary, the authorities of farm and sideline products markets must prominently display a list showing the wholesale prices of major produce.

Article 11: As a rule, at rural trading markets sellers and buyers are permitted to conclude their transactions of farm and sideline products at negotiated prices. Permanent stalls at such markets must also clearly mark their prices. Departments in charge of administering markets should promptly announce the provisional ceiling selling prices of some products prescribed by the state. If necessary, the market authorities should clearly display a reference price list for major produce.

Article 12: The following acts are considered violations of the price law:

1. Failure to clearly mark prices in accordance with the provisions;
2. Failure to truly mark prices or fee collection standards prescribed by the state (including state - fixed prices, state - guided prices, ceiling selling prices, and minimum purchase prices);
3. Failure by production enterprises and wholesale enterprises to note in their sales dispatch lists the factory price, purchase price, or wholesale price in violation of Article 5.

Article 13: Units and individual industrial and commercial establishments committing any one of the acts listed in Article 12 will be given the following penalties by price inspection organs in accordance with the "Provisions of the State Administration of Commodity Prices on Penalties for Price Violations":

1. A fine of no more than three yuan shall be penalized for each commodity and service item whose price has not been clearly marked; if the price of a commodity whose price is 20 yuan or more is not marked and if 10 commodities or service items are without price tags or price lists, a fine of no more than 20 yuan will be penalized for each commodity or service charge whose price has not been clearly marked; however, each time the total fine shall not exceed 300 yuan;

2. Failure to comply with the requirements on the contents of price tags will result in a fine of no more than one yuan for each mistake made. If the price of a commodity whose price is 20 yuan or more is not marked and if 10 commodities or service items fail to meet the requirements, a fine of no more than five yuan will be assessed for each mistake made;

3. A fine of no more than 500 yuan will be assessed for failure to display the prices of all commodities or service items. If the means of production trading markets fail to publicize the ceiling prices, they will be fined no more than 1,000 yuan;

4. If production enterprises and wholesale enterprises fail to note on the sales dispatch lists the factory price, purchase price, or the wholesale price in violation of Article 5, they will be fined no more than 100 yuan for each sales dispatch list which fails to note the prices, but each time the fine will not exceed 1,000 yuan;

5. In dealing with units disregarding the practice of displaying marked prices, the persons directly responsible for this or their managers may be fined no more than 50 yuan.

If the above acts are first offenses and are not of a serious nature, and if the violators take the initiative to correct their ways after an investigation, the fines may be reduced or cancelled.

When the above items state that violators will be "fined no more than" five yuan, this means up to and including five yuan.

Article 14: Illegal income obtained by marking the selling price or fees higher than those prescribed by the state and by marking the purchasing prices higher or lower than those prescribed by the state will be confiscated by price inspection departments after verification. The illegal income will be returned to the consumers or peasants, the rest shall be delivered to the state. In addition, violators will be fined in accordance with the "Provisions of the State Administration of Commodity Prices on the Penalties for the Violation of the Price Law."

Article 15: Price inspection organs should commend or award the units and individual industrial and commercial establishments that score outstanding results in the implementation of the system of clearly marking prices.

Article 16: These provisions will be explained by responsible persons of the State Administration of Commodity Prices.

Article 17: These provisions take effect on 1 March 1990.

Provincial, autonomous, and municipal price departments should draw up specific implementation procedures based on these provisions and promulgate them after obtaining approval from the people's government of equal rank.

Article Views Material Circulation System Reform

HK1801031890 Beijing JINGJI GUANLI in Chinese
No. 12, Dec 89 pp 18-21

[Article by Li Fanglin (2621 2455 2651) and Zhou Houpeng (0719 0683 2590): "Contradictions in the Reform of the Material Circulation System and the Way Out"—Edited by Liu Qichang (0491 0366 2490)]

[Text] Reform of the material circulation system is a complicated task of systems engineering. It involves different aspects of the national economy. In recent years, new problems have cropped up in certain areas due to our failure to achieve proper coordination between reform of the material circulation system and reform of the systems of planning, investment, pricing, finance, enterprise management, and so on. In deepening the reform program, we must not only see the achievements of reform but must also take note of the problems and obstacles in our everyday life. The practice of attempting to "force through" reform in one go regardless of the economic conditions and the constraints imposed by auxiliary reforms obviously cannot lead us to the anticipated goal.

1. The Distorted Pattern

The core of the reform of the material circulation system is the development of a planned market for the means of production to replace the over-rigid material distribution system with barriers between higher and lower levels and between different departments or regions. In present-day socialist countries where the system of public ownership of the means of production is established, there are three main patterns in which the relationship between planning and the market is handled. First, the stress is put on centralized planning, as in the case of Romania. Second, the stress is put on a decentralized market system, as in the case of Yugoslavia. Third, regulation by planning is combined with regulation by the market, as in the case of China. Different social and economic modes and economic management systems require different regulatory forms and methods. Even in socialist societies based on the system of public ownership, regulatory forms and methods differ according to differences in the system of economic management. In China where regulation by planning is combined with regulation by the market, it is no doubt correct for reform of the material circulation system to proceed in the direction of this pattern.

However, the real problem is: On the one hand, production and construction are inhibited because some materials are subject to rigid control and the channels of circulation are blocked; on the other hand, profiteering, the monopoly of important materials and the jacking up of prices occur from time to time because the market mechanism is underdeveloped and chaotic. Under conditions of economic shortages, this has imposed great constraints on and dealt a heavy blow to reform of the material circulation system, and has produced a pattern

that goes against the anticipated goals of reform. This phenomenon of distortion has the following major manifestations:

1. While materials subject to mandatory plans are steadily being reduced, materials needed for production under mandatory plans are steadily increasing. Important materials under unified control were cut from 256 categories in 1980 to 20 in 1987, and for each type of material, the proportion distributed by the state was also reduced. Compared with 1980, in 1987 the proportion of rolled steel under unified control dropped from 74.3 percent to 47.1 percent; timber, from 80.9 percent to 27.6 percent; cement, from 35.6 percent to 15.6 percent; and coal, from 57.9 percent to 47.2 percent.

A contrary phenomenon is that while the varieties and quantities of materials under unified control are steadily decreasing, items of material supply requiring the guarantee of state plans are on the increase. Increases in mandatory production plans and in production and capital construction projects authorized by the state are cases in point. Some of the materials needed in these projects are not covered by state plans, but the supply of these materials has to be guaranteed by the state. This actually makes it impossible to reduce the scope of mandatory distribution. The contradictions arising therefrom have placed reform in a dilemma.

2. Considerable sluggishness in the implementation of planned distribution has occurred in the course of the replacement of the old system by the new. The narrowing of the scope under mandatory distribution not only reflects the decentralization of state power but implies the redistribution of economic interests. The difficulties in the readjustment of the traditional interests structure are manifested in the following aspects: First, there is bargaining over mandatory distribution quotas. Second, the planned distribution of materials under unified control is not increased or reduced according to changes in the mandatory production plans. Third, the plans of some localities and departments have taken over the place of the state's unified distribution plans. The aforementioned difficulties in the readjustment of the interests structure have turned themselves into obstacles to the deepening of reform.

3. The vast differences in price under the "double-track system" have resulted in a substantial rise in the price of capital goods not covered by state plans and brought about new distortions in pricing. In recent years, the shortage of materials, poor macroeconomic management, the swelling of investment and consumer demand and the growth of total demand in excess of total supply have given rise to vast price differences under the double-track system. This has forced up the purchase price of certain principal materials. Soaring prices have not only adversely affected the implementation of state plans, resulting in a decline in performance to scale and in the emergence of black market profiteering and other unhealthy practices, but have produced a sharp increase in the price of consumer goods. The price spiraling arising from the tug-of-war between the prices of capital

and consumer goods have resulted in the double distortion of price signals and brought unbearable pressure upon production, construction and the people's livelihood.

4. The constraints imposed by the underdeveloped capital goods market and the lack of effective laws and regulations have posed serious obstacles to follow-up reforms of the material circulation system. Under circumstances where materials are in short supply and laws and regulations are far from perfect, some enterprises have resorted to barter trade. This has resulted in the flow of materials away from the market. When the "market power" of these materials in short supply increased, out of the interests of their "vassal economies," some localities and departments would resort to administrative power to restrict the outward flow of these materials. They would organize cooperation and exchanges with other units in various ways and distribute the exchanged materials to selected enterprises and units. In this way, the normal flow of materials was seriously hampered.

The above-mentioned phenomenon of distortion has dealt a heavy blow to reform of the materials circulation system and represents a departure from the normal track of reform.

2. The Way Out for Reform

The distortions in the reform of the material circulation system have prompted us to do some rethinking and to put forward ideas for further reform on the basis of summing up past experience and lessons. In our opinion, we must adhere to the following three basic principles in our reform: First, we must base ourselves on the availability of resources and proceed from reality in everything, and must not be over-hasty. We must organically combine reform with development, construction and the people's livelihood. Second, we must face up to the contradictions in everyday life, carry out supporting reforms, and pay due attention to the distribution of interests in order to fully arouse the enthusiasm of all quarters. Third, we must uphold the correct orientation, firmly bear in mind the principle of "one focus and two basic points" in reform, be steady and appropriate in our specific methods and steps, and guard against the tendency to waver now to the left and now to the right.

Based on the three principles mentioned above, we have come up with the following basic plan for the reform of the material circulation system:

1. We should improve the sequence of circulation and remove obstacles to the reform of the material circulation system. The current shortage of materials and price spiraling are the major causes of chaos in the field of circulation. At present, there is a 200-300 billion yuan gap between the parity and negotiated prices of capital goods. No one knows where such huge profits in the channels of circulation have gone. At a conservative estimate of a 30 percent wastage, the figure still amounts to between 60-90 billion yuan. This huge sum will no

doubt aggravate the confusion in the channels of circulation and pose obstacles to reform. To change this situation, the following measures should be adopted: (1) We must put the principal channels of material circulation in order. Companies established by the government under departments dealing in goods and materials but operated by the people, as well as "specialized households" that have made a fortune living off the double-track pricing system, should be cleaned up and reorganized in accordance with regulations governing industry and commerce. (2) "Funnel companies" attached to large enterprises which live off the profits of the state-owned economy and serve the "external circulation" of funds should be abolished. (3) Units and individuals guilty of obtaining illegal income through illegal means must be punished according to law. (4) The state financial departments should place income derived from price differences under special government control and exercise tight control over revenue and expenditure. Strict discipline should be enforced and "external circulation" and the unauthorized flow of funds should be prohibited.

2. The state should strengthen planned management over important materials and place these materials under special control. As for government-controlled materials and other materials not covered by state plans, positive steps should be taken to introduce regulation by the market. As regards the varieties and quantities of materials subject to mandatory planned distribution, there should be an appropriate delineation of regional boundaries within a given period. The delineation of regional boundaries should be determined by two factors, namely, the power of macroeconomic regulation and control and the maturity of the market. In overall terms, under conditions of economic shortages at present and for some time to come, the varieties and quantities of materials under mandatory planned distribution not only should not be further reduced but should be appropriately readjusted and increased. A "double sixty-forty ratio" should be maintained between material production and the total value of materials supplied. What this means is that as a rule the total value of materials supplied under mandatory plans should not be lower than 60 percent of the total value of material production and supply; as for materials under unified distribution, the proportion earmarked for planned distribution by the state as a rule should not be lower than 60 percent of the total volume the particular varieties produced and supplied.

As regards the distribution and supply of materials under mandatory plans, improvements should be made on the following three levels: First, demand under mandatory plans should be met by supply under mandatory plans. Second, key projects and large enterprise groups should be ensured of supply at "guaranteed quantity and guaranteed price" in an effort to give priority to the development of major industries. Third, the practice of "guaranteed quantity and half-guaranteed price" should be adopted toward general demand under mandatory plans and part of the price difference returned should be used as special funds for the development of materials under

mandatory plans so as to gradually channel materials subject to planned supply into the market through cash subsidies for price differences.

As regards materials subject to regulation by the market, on the one hand, the state may guide market regulation through economic legislation and policies and through reliance on economic means such as taxation, credit and pricing; on the other hand, it may strive to provide greater appeals for the entry of materials into the tangible market through the development of trade centers in order to bring about the organic integration of planning and the market.

3. We should reform the price structure of capital goods and keep substantial price rises under strict control. In recent years, we have scored considerable achievements in price reform for capital goods. However, under the erroneous ideological guidance of the theory that inflation has its good points, the prices of capital goods have been in a chaotic state and remained high. This serious departure from the law of value and the normal relationship between supply and demand has thrown the market into disarray and produced a great impact on production, construction and the people's livelihood. Hence, we should no longer rely on inflationary means to stimulate economic growth.

The current price reform calls for caution. We must neither backtrack nor proceed forward. In particular, we must guard against the following two deviations: First, to think that the shorter the supply the more necessary it is to exercise price control; and second, to think that the shorter the supply the more necessary it is to relax control, and that relaxation of control will increase the supply of commodities and lower the price.

How should the existing price structure of capital goods be reformed? This is a complicated and difficult problem to address. In terms of the direction of reform, we should gradually change the current "double-track system" into a single-track system and bring about unitary price for the same commodity in the market. In terms of methodology, we should: First, gradually narrow the price differences between the prices of materials within and outside state plans; second, bring about an equilibrium between the total demand and total supply of materials; third, gradually readjust the price relations between products; and fourth, rationally distribute industrial and commercial profits. In our opinion, the one-way return of price differences should be replaced by the two-way return of price differences. What this means is that enterprises under planned distribution should be returned that part of price difference over and above the average of the same trade, while the remainder of the difference should be returned to the producing factory in accordance with the quantities supplied.

4. We should strive as quickly as possible to improve and develop China's capital goods market. The capital goods market involves a wide range of relations and matters, such as the question of direction, the question scope, the relations between planning and the market, the question

of pattern and the question of form and the external environment. Here we wish to say a few words on the question of direction.

In China, what sort of structure should we establish for the capital goods market? In line the spirit of the Fourth Plenary Session of the 13th CPC Central Committee, our view is that China, which has its own peculiar national conditions, should not simply copy the models of Western or East European countries but should establish a planned, unified, open and interwoven socialist market while upholding the four cardinal principles.

It should be emphasized that the essential difference between the socialist capitalist goods market and the capitalist capitalist goods market lies in planning. Although the market mechanism has considerable regulatory functions, it is not omnipotent. Its biggest limitation lies in the fact that it is a kind of subsequent regulation, not conscious regulation beforehand. In other words, it involves an enormous lag. Meanwhile, the signals of market changes can only predict the trend of changes in supply and demand, but cannot provide precise variables on supply and demand. The self-regulatory functions of the market are always spontaneous and tend to be blind. In a unified and open capital goods market under planned regulation and control the above-mentioned shortcomings can be overcome. It can, through state planning, economic levers, law and other necessary administrative means, bring about the opening of domestic and international markets in a well-led and organized way and guarantee the ever-increasing needs of production, construction and the people's livelihood as far as possible.

5. We should strengthen macroeconomic regulation and control and bring about management by whole trades. In economically-developed countries, the material circulation system has already become an independent trade, but in China, departments handling goods and materials are still modeled upon the administrative divisions and levels of the 1950s. At present, within the same city, there are trans-sectoral enterprises of the central, provincial and city levels dealing in goods and materials, as well as supply and marketing organs of various sectors operated by central and local authorities. In addition, there are enterprises of various economic forms that deal in goods and materials. These enterprises have long existed in a state where there is no distinction between government and enterprise functions. There are barriers between higher and lower levels and between different departments or regions, and operation is overlapping and mutually restricting.

In order to break this conventional pattern, strengthen macroeconomic regulation and control, invigorate circulation and improve performance, we must introduce management by whole trades into the material circulation system. To this end, governments at various levels must establish organs for the unified management of the means of production by respective trades. Existing material companies under relevant leading departments and departments handling goods and materials should be

turned into relatively independent economic entities. In the meantime, efforts should be made to establish and improve a network of material markets in a planned way and do a good job of running material trading centers and special markets for major means of production. On this basis, we should fully bring into play the functions of management by whole trades so that guidance for the trade of material circulation and market supervision and management can be effectively strengthened.

6. We should promote horizontal association and bring about intensified and specialized network circulation. As proven by practice, the role and importance of associated operations have become more and more manifest in recent years. In future, we must take further steps to develop horizontal associations. First, the targets of associated operations should be broadened. Enterprises dealing in goods and materials not only should develop joint operations with other enterprises of the same trade but should join forces with communications, transportation, industrial, scientific and technological departments, or with collective or individual operators. Second, the contents of associated operations should be enriched. In addition to transportation, storage, technology and information, steps should also be taken to strengthen horizontal associations aimed at bringing about the integration of production, supply, transportation and marketing. Third, the forms of associated operations should be diversified. For instance, association may be lax, semi-compact, compact. After the forging of ties, enterprises dealing in goods and materials and production enterprises may adhere to the practice of contracted supply of raw and semi-finished materials and combined marketing of manufactured products. They may also practice division of labor in production and marketing by means of share subscription. Through associated operations, some large and medium-sized enterprises dealing in goods and materials may purchase in bulk from large production enterprise groups and practice "unified purchasing and separate marketing." Even small enterprises, shopping arcades and trading centers dealing in goods and materials may, through associated operations, extend their business operations to other places by organizing group purchases and marketing or unified purchasing and separate marketing. Through structural combinations in their economic ties, enterprises may be formed into "combined" circulation networks for commerce, commodities and information.

7. We should strengthen overall management and carry out supporting reforms. At present, reforms relating to the reform of the material circulation system are not well-coordinated. For instance, after the narrowing of the scope of material distribution under mandatory plans, many commodities are withheld from the market on account of the anticipated gains of some localities and departments. After the lifting of price restrictions, some enterprises have difficulties adjusting. This, coupled with the fact that solutions are not forthcoming from the planning and financial departments, have added to the difficulties of implementing the mandatory plans. Proceeding from their own interests, enterprises are demanding that they be allowed to market their products

at going prices and that raw and semi-finished materials be distributed at parity price. State plans for the production of goods in great demand have fallen short of the targets and large quantities of these products are marketed by the producing units on their own. The fact that state contracts are not honored affects everyone, and all trades and professions. Only when the necessary supporting measures are adopted can reform proceed without a hitch. In the light of the current situation, it is essential that the following systems of regulation and control be established: (1) A system of planned management; (2) a system of market regulation and control; (3) a system of economic legislation; (4) a system of economic supervision; and (5) a system of market information. In the establishment of the above-mentioned systems, departments of planning, statistics, public finance, banking, pricing, commerce and industry and various departments in charge of business should offer positive support and close coordination to ensure that the reform of the material circulation system can yield the anticipated results.

Article Considers Multinational Enterprises Role

HK1801024390 Beijing JINGJI GUANLI in Chinese
No. 12, Dec 1989 pp 22-24

[Article by Wang Depei (3769 1795 1014): "In Invigorating Large and Medium-sized Enterprises, Should the Operational Mechanism of Town and Township Enterprises Be Introduced, or Should the Operational Mechanism of Multinational Enterprises Be Introduced?"—edited by Liu Qichang (0491 0366 2490)]

[Text]

1. Can the Introduction of the Operational Mechanism of Town and Township Enterprises Be Taken As the Orientation of Reform for Large and Medium-sized Enterprises?

For some time, the introduction of the operational mechanism of town and township enterprises seemed to have become the target orientation for the reform of enterprises. A careful re-examination reveals that this is not without its justification. Large and medium-sized enterprises originate from the product economy. Their large scale of production, single-product structure of production, and practice of extensive management are all ill-suited to the requirements of the commodity economy. Moreover, since large and medium-sized enterprises have over the years been the beneficiaries of "planned" supply, with the state "providing the ultimate guarantees," they lack the incentive and pressure to play an independent role in the market. By comparison, town and township enterprises born of the backward agricultural economy are not assured of "planned" supply. Their background and the business environment leave them no alternative other than to compete in domestic and international markets with their characteristic flexibility, wide varieties, small scale of production, quick delivery and low cost. Their competitiveness is precisely what large and medium-sized enterprises lack. On the

other hand, the fact that town and township enterprises are born of the non-state sector and the underdeveloped market economy also compels them to resort to practices outside the traditional system and market norm in adverse business environments. In their own words: "Our origins are obscure, our products are useful, and our measures are despicable, but our performance is good. We are aware of the problems, but we have no other alternative." Some people even brazenly suggested that inferior products be used to replace the quality products of large and medium-sized enterprises.

In enterprise reform in recent years, the strategy of effecting breakthroughs which emphasized the drawbacks of the traditional system at the expense of convergence and the equilibrium of development was adopted. Owing to this strategy, when the operational mechanism of town and township enterprises was "introduced" into their operations, large and medium-sized enterprises went out of their way to "accept" non-standard business practices. They gave up the advantages they enjoyed in terms of economy to scale, basic management, science and technology, personnel qualifications, organizational functions and management level, and devoted major efforts to "enlivening the economy" by effecting breakthroughs in the traditional norms (reasonable rules and regulations). In fact, "enlivening the economy" is not the target orientation for the development of large and medium-sized enterprises. The development of enterprises is an eternal category and goal, while "enlivening the economy" is just a means of promoting development.

In abstract terms, the goal of enterprise is to work for the continuous growth of assets and their own long-term development by reacting rationally to changes in the business environment under the motivation of maximized profits. The development target of socialist large and medium-sized enterprises embraces the above-mentioned points, plus the obligations placed on them by the socialist system as well as the ability to interplay with the environment in which they exist. For instance, the development target of large and medium-sized enterprises in Shanghai will embrace the above-mentioned features and the peculiar geopolitical features of Shanghai. On the one hand, Shanghai is the most mature and typical example of the traditional economy and oversees the greatest concentration of large and medium-sized enterprises. If the reform of large and medium-sized enterprises turns out to be a success, it will have a strong radiating effect on reform in the whole country. On the other hand, seen in terms of the overall economic structure of China and the trend of development, the only way out and hope for large and medium-sized enterprises in Shanghai lies in the international market. It is quite evident that the target orientation for the reform of large and medium-sized enterprises has composite contents that cover not only vitality which enables enterprises to play an independent role in the market as commodity producers but also the dual historical missions of macropolitical economics and geopolitical economics.

This means that in the process by which large and medium-sized enterprises develop the operational mechanism of commodity producers, they should not merely work independently on enlivening the economy but, more importantly, should strive to find a realistic road of development through the mutual conditioning and interplay between the enterprises and the environment.

However, since China's economic reforms have, to a large extent, been forced upon it by its own starvation (town and township enterprises are born out of this situation), we still restrict our attention to the rights and wrongs of the old system and wallow in the thinking that "the movement of opposites in things determines the nature of things." Thus, an ideological system of global strategy with maximum self interests and the longest-term state interests as leading factors, has not yet been established entirely out of the big environment in which we exist. Enterprise reform is often carried out in accordance with the exigencies of time and place and lacks a grand, sober-minded and long-term design and strategy. Since "glimmers" in agricultural culture and workshop industry are taken as the orientation of reform, large and medium-sized urban enterprises have become perplexed in their course of action.

2. Multinational Enterprises Have Become the New Trend in the World Economy

The development of the industrial economy also hides the negation of negation. When large and medium-sized enterprises in China are working hard to cast away their traditional subsidiary attributes and striving to play an independent role in the market, the world business economy has begun the new trend of development whereby state support (favorable policy treatment) is relied on to merge small enterprises into large multinational enterprises. When many of our enterprises are thinking that they can finally compete freely and on an equal footing on the world market as independent commodity producers, what strike them most in reality is not the principle of equality in the law of value, but trade protectionism among nations and regions. Our enterprises are thus faced with the following grim problem of survival: What will the big politico-economic environment be like in our efforts to develop an export-oriented economy?

In fact, apart from peace "that fills the world with love," the competition for survival between nations is going on in all corners of the world and at all times. Changes are in form only. In the past, competition for survival mostly proceeded from the angle of geopolitical economics and was characterized by military invasion. Following the globalization of the industrial economy, competition for survival between nations mainly has multinational enterprises as competing entities, and omni-directional competition is carried out on a global scale. In the face of the surging tide of the globalization of the industrial economy, small and weak countries will seize the opportunity to support and promote the development of

enterprises which have the ability to conduct transnational operations, and hence ferry the whole country to the shores of modernization.

A decade ago, it was predicted that the political and economic strength of Italy would never exceed the level of second-rate countries in the world. Today, Italy has become one of the world's economic powers. The hallmark of its success is the road of developing multinational enterprises through the merger of small enterprises, thereby acquiring the ability to gain entry into the international market. In South Korea, the 15 largest enterprises headed by Samsung, Xiandai [3807 0108], Jinxing [6855 2502], Dayu [1129 1342] and Xianjing [7639 0079] are responsible for 50 percent of the gross national product and are "advancing" upon the world with an overbearing force. Japan, which has done exceptionally well in the world, owns seven of the world's ten leading banks and occupies the top four places. Among the world's 1000 largest enterprises, seven Japanese enterprises have found their way into the top 10 positions. In fact, the chart of the top five is monopolized by Japanese firms. Enterprises like Toyota, Matsushita and Toshiba have made their name across the world and have practically become symbolic of Japan.

Small countries may rely on their multinational enterprises to establish enterprises, buy land and property and corner the market in the big countries. By contrast, big countries which have a strong army and a vast territory but without multinational enterprises may be forced to offer favorable terms to foreign businesses, open up special economic zones, relatively reduce the size of their territory by leasing out land, and do work for others with no benefit to themselves. A country may resort to tariff or non-tariff barriers to ward off economic invasion, but it has no way of refusing infiltration by enterprises in the form of aid and mutually-beneficial joint ventures. The fundamental reason underlying this new global trend is the logical development of the industrial economy, that is, the crisscross network of large-scale socialized production and division of labor on a global scale, as well as their corresponding social shares. Enterprises that can handle this situation with clever skill will be able to survive and develop on a transnational scale, and countries that can seize the pulse of the times will become strong.

Grim facts have presented themselves before Chinese enterprises. In what direction should our enterprise reform develop? Should we turn back and quibble over the restrictions of the old system, that is, satisfy ourselves with "enlivening the economy" from the angle of destruction? Or should we face the challenge being thrust upon us, that is, make organizational and structural preparations for the switch to transnational operations by those large and medium-sized urban enterprises which can capitalize on the equitable superiority of the traditional structure from the angle of construction?

3. Rather Than Introducing the Operational Mechanism of Town and Township Enterprises, Why Not Introduce the Operational Mechanism of Multinational Enterprises?

The author is of the opinion that while upholding the socialist orientation, some large and medium-sized enterprises (particularly those that are to be due to be developed into export-oriented enterprises) may introduce operational mechanisms of multinational enterprises that are suited to conditions in China. This is because multinational enterprises are ahead of town and township enterprises in at least the following four aspects:

1. Operational mechanism:

To begin with, multinational enterprises have the operational mechanism of commodity producers, and their organizational form of production and operation is the latest manifestation of this mechanism on a global scale. The varying degrees of development of the industrial economy in the developed and developing countries, along with the reorganization of the means of production, products, technology, funds and the market on a much larger scale and in a much more complicated environment, have both created a pressing need for a new organizational form of production and operation that can cater to their development and effect a breakthrough in the backward state and regional systems. The formation of the operational mechanism of multinational enterprises conforms with this historical demand. The operational mechanism of town and township enterprises is but a primitive form of the commodity economy.

2. Management level:

The production and operational management of multinational enterprises are at a new stage of carrying forward the achievements of the past and forging ahead into the future. Their mode of management has developed from traditional experience to modern systems management; their mode of operation has developed from one that is production and sales promotion oriented to one that is marketing oriented; the organizational structure of their production and operation has developed from the straight-line functional system to the division system; and their leadership mechanism has developed from individual leadership (by the proprietor or manager) to the integration of group (board of directors, think-tank) and individual leadership. It is evident that large and medium-sized enterprises should make positive efforts to pursue a higher level of management while consolidating and improving basic management, rather than taking the beaten track of one-man operation.

3. The development and application of science and technology:

The birth of multinational enterprises benefits from the latest development of science and technology. New means of communications and communications systems not only link the world commodity market and the monetary system as one but provide the quickest means

of promoting the proliferation of science and technology. Multinational enterprises, as investors and suppliers of capitalized goods or technology (licenses), play a particularly important role in the transfer of technology to the developing countries. With the world economy on the eve of accelerated growth based on increasingly more rapid technological advancement, the ability of a country to develop its own technology and accept foreign technology has become an important condition for the enhancement of its competitiveness in the international arena. The large-scale transfer and development of new technology require the coordination of monetary and research circles. More often than not, this kind of coordination also involves the governments and enterprises of many countries and regions. Multinational enterprises have regulatory abilities surpassing those of the government of any country, and that of the developing countries in particular.

4. Great organizational compatibility:

The most fundamental feature of multinational enterprises lies not in the scale of production but in its compatibility for different modes of production. Multinational enterprises are not large production-oriented enterprises formed as a result of mergers, mass producing one and the same product in their millions and tens of millions. On the contrary, they are engaged in non-mass production of products in short supply, with specifications and quantities determined by the buyers. Because they have to meet the needs of buyers, multinational enterprises usually have the ability to produce a variety of products in large and small quantities. This ability is formed not through the extension of individual enterprises, but through a special capacity to incorporate enterprises of different nature and scale. Hence, the main function of multinational enterprises lies not in their scale of production but in their organizational ability to break through and infiltrate all political, economic and geocultural barriers and unclog the business channels of targeted countries. For instance, when purchasing (through such forms as mergers and joint ventures) enterprises in the host countries, they will also purchase the sales network of the enterprises concerned together with the import quotas they enjoy.

It is precisely the flexibility enjoyed by multinational enterprises in terms of organizational compatibility that provides large and medium-sized enterprises with much more room for the development of their "diffusion and bouncing ability" in production and operation. This also makes it possible for different modes and level of production and different economic functions to complement one another. It even makes it possible to form an integrated business operation organization while maintaining the autonomy of members.

At present, the dilemma of most large and medium-sized enterprises lies not only in the current shortage of funds and raw and finished materials. Even with quality products, they are faced with the dilemma of a fully saturated traditional market outside. Furthermore, the fact that many international forces are on special guard against

China in political and economic matter makes it all the more difficult for our large and medium-sized enterprises to make their way into the international market. This will force us to effect a breakthrough in a round-about way, that is, rely less on the state's foreign trade and more on multinational enterprises.

From another angle, the drawbacks of our large and medium-sized enterprises, such as their lack of flexibility and failure to reach a high qualitative level, react to information signals, produce goods in small quantities and large varieties, and deliver goods quickly, have developed over the years under the system of product economy. For instance, it is unlikely that large numbers of production-oriented enterprise can be transformed into enterprises that can operate independently in the world market within a short time. In fact, not every large or medium-sized enterprise has the ability to organize a division of external operations outside the existing production-oriented structure (many enterprises which enjoy two-way contracting power are not in a position to deal with the outside world), and in any case, we cannot change all large and medium-sized enterprises into multinational enterprises. This calls for the optimization of enterprise functions. In other words, the government should provide the necessary conditions for large and medium-sized enterprises to develop into multinational enterprises through fair competition, and should help large and medium-sized enterprises develop the ability to consciously advance along this direction.

Tian Jiyun Views Guizhou Agriculture

HK0801100190 Beijing RENMIN RIBAO in Chinese
31 Dec 89 pp 1, 2

[Article by Tian Jiyun (3944 4764 7189): "Several Questions on Doing a Good Job of the Comprehensive Agricultural Development in Guizhou"]

[Text] Editor's note: Having obtained initial success in and experience from comprehensive agricultural development, the state now extends its main efforts to supporting some regions in west and central China which have economic difficulties but potential for development. This is an important move in our plans for economic development. It will have a major impact on promoting the entire economic development of these regions.

Comrade Tian Jiyun was recently on a tour in Guizhou Province to inspect agricultural development there. He also gave an important speech there which serves as a guide not only on comprehensive agricultural development in Guizhou, but also on agricultural development as a whole, and particularly on comprehensive agricultural development in economically deprived areas in central and west China. The following is a summary of the speech. [end editor's note]

The main purpose of my tour is to study the question of agricultural development in Guizhou. I have learned more about agriculture in Guizhou during my stay here.

I have visited places, observed, and taken part in discussion sessions. In what follows, I will touch on five aspects of the question.

I. My Impressions of the Rural Situation and Agricultural Production in Guizhou

I have two impressions of the rural situation and agricultural production in Guizhou.

My first impression is that the rural situation in Guizhou, as in the rest of China, is good. This can be illustrated in three aspects. First, the people in the Guizhou countryside truly and wholeheartedly support the Communist Party and the line, principles, and policies it has adopted since the Third Plenary Session of the 11th CPC Central Committee. They also support the "Resolutions" of the Fifth Plenary Session of the 13th CPC Central Committee. Second, cadres at all levels, from the provincial to the local, county, and grass-roots levels, have demonstrated very good mental attitudes. They all seriously and thoroughly implement the party's rural policy. They also are clear about the guiding thought on agricultural development. In particular, through in-depth propaganda on and implementation of the party line, principles, and policies since the Third Plenary Session of the 11th CPC Central Committee and the "Resolutions" of the Fifth Plenary Session of the 13th CPC Central Committee, they have gradually clarified some confused ideas and eliminated certain factors that caused instability in the countryside. Third, agricultural production is developing in a positive direction. The cadres and masses are aware of the problems, but more importantly, they also see hope and potential in developing agricultural production. Although the total amount of grain production in the province this year did not reach a record high, it increased more than 10 percent compared with last year. This year saw the second highest yield in the history of Guizhou. The summer grain yield surpassed that of all previous years. People have confidence and this is very important. Where there is confidence there is a way. Once the masses have initiative, they can overcome all problems. The provincial party committee and the government of Guizhou relay at the right time the basic guiding principle and policy from the party Central Committee and the State Council to the vast numbers of cadres and masses. This is perfectly correct. In this way the situation remains in control and the masses are reassured, and no major problem will emerge in agricultural production. In general, once a policy is relayed to cadres at the grass-roots level and to townships and towns, it will reach the masses.

My second impression is that it is far from easy for agricultural production in Guizhou to break through the dilemma that it has found itself in for several years and to raise itself to a higher level. Of course Guizhou has many advantages, but we must be fully aware of the difficulties. My view can be summarized in a few words: Guizhou has difficulties, potential, experience, and hope. Difficulties refer to a large population, small land

area, high mountains, steep slopes, thin soil, a deteriorating ecological environment, and severe soil erosion. If there is even a little soil in a fissure in the rock, something can grow in it; but if there is no soil at all, the fissure looks as clean as a tooth after brushing. Sometimes a mountain is all rock, with fancy shapes that look as though they have been chiseled. If we do not adopt long-term measures to fundamentally prevent soil erosion, the vicious cycle in Guizhou agriculture will not cease. Not only will the food problem continue, but the existence of posterity will be in jeopardy. Guizhou has limited land resources, but its population has been growing. We must be realistic about the prime restraint on agricultural development in Guizhou. This is one thing.

The second thing is that Guizhou does have potential in agricultural development. The province has a total of 28 million mu of cultivated land, of which only 6.8 million mu has guaranteed irrigation. The latter yields on average 800 jin per mu. Ordinary land yields less than 400 jin per mu. The difference between the two is clear. If stable- and high-yield land is doubled to cover 14 million mu, and each mu yields 200 jin more grain, the total increase will be 2.8 billion jin. In addition, we can raise the yield of the rest of the land by improving it by means of scientific farming, improving varieties, improving the soil, increasing soil fertility, scientific cultivation, multiple cropping, intercropping, and interplanting. Also, the existing 6.8 million mu of land with guaranteed irrigation will continue to yield more. In this way the province can be self-sufficient, or basically self-sufficient, in grain supply and the demand for grain from the outside will radically decrease. Of course I am not saying this can be attained in the next year or two, but it will gradually be attained after several years' hard work.

The third thing is that in developing agriculture, Guizhou has had many innovations and good experience that suit local conditions. For example, in applying science and technology to agriculture, Li Guilian has popularized in Luodian County, Guizhou Province, the techniques of early-maturing vegetables and protecting the soil with a cover, and has earned national applause for it. In Huairan County, crop rotation has been practiced on 90,000 mu of dry land, and the average per mu yield of grain is 1,000-1,400 jin, and as high as 1,700 jin, which is not at all simple. The same thing is done on the two flatland areas in Zhijin County. The methods employed have been proved effective. For example, there is nothing mysterious about such methods as drilling, intercropping, interplanting, popularizing the use of good varieties, protecting the soil with a cover, increased the application of green manure, putting straw back in the soil, etc. They can all be employed on a large scale. Many places in Guizhou can follow this direction. Irrigation methods can also be improved. For example, Xifeng County-style water storage pits can be enlarged. The pits can be covered and tubes attached to make spray irrigation possible. In this way we can ensure water

supply for crops on dry land. This method is also in line with the characteristics of hilly Guizhou. Guizhou's rainfall is not low, but most of it is lost. It is important to find ways to utilize natural water well. Water conservancy projects should be carried out. If conditions permit, the projects should of course be large-scale; however, medium- and small-scale projects, including small water storage pits, should also be conducted. The latter are more practical as less money is required to produce quick results. The Bijie area is experienced in preventing soil erosion and conducting comprehensive development. The people there integrate afforestation, harnessing of small drainage areas, intercropping between woods and grain, and development of cash crops. In some places there they even grow forage grass by artificial means. Guizhou has come up with many innovations that suit its environment. It is perfectly possible for Guizhou to develop agriculture by fully tapping its potential, applying its experience on an expanded base, continuing to implement the line, principles, and policies of the party since the Third Plenary Session of the 11th CPC Central Committee, and firmly adhering to this road.

II. Why Guizhou Must Conduct Comprehensive Agricultural Development

Since the liberation the party and government have devoted great efforts to leading the vast numbers of peasants in developing agriculture, and the achievements have been impressive. At the national level, food supply for a population of 1.1 billion is basically resolved. At the Guizhou level, food supply for more than 30 million people is also basically resolved. Especially since the Third Plenary Session of the 11th CPC Central Committee, correct party policy and other factors have mobilized the production initiative of the vast numbers of peasants. Therefore, agriculture in Guizhou, like that in the rest of the nation, has surpassed the level of 1978. In Guizhou, grain production has risen from about 11 billion jin in 1978 to about 13 billion jin at present. Cash crops and diversified economy have also developed a great deal. In particular, flue-curing of tobacco has developed fastest and has become an economic mainstay of Guizhou. Like the rest of China, Guizhou has enjoyed great progress, but is also facing a dilemma in agriculture. Currently grain production in Guizhou basically remains at the level of 13 billion jin. In good weather conditions it goes up by 1 to 2 billion jin. When the heavens are not helpful it goes down by a few hundred thousand jin or more than a billion jin. When grain production goes up the people have better days, when it goes down they have tough days, and when it goes down incessantly they have even worse days. Therefore, whether we consider it from the angle of further economic development or from that of further improving the people's livelihood, and whether we consider it from the angle of food supply for the increased population or from that of the long-term social order and stability of Guizhou, agriculture in Guizhou must not stay at the present level for long. It must develop further

and reach new levels. Agriculture in Guizhou can stay at the present level for a year, but if it goes on like this, problems will emerge. There will be two. First, there be a shortage of food. If Guizhou imports food, it will need foreign exchange. It is equally unrealistic to rely on help from other provinces. Since their populations are also growing and their cultivated land is also dwindling, how can other provinces have surplus grain for Guizhou? The second problem is financial constraints. Can you afford to buy large quantities of grain from other provinces? Guizhou has to buy 2 billion jin of grain a year from other provinces and, to tell the truth, this financial burden is heavy enough. However, if you replace tobacco-growing with grain-growing, your finances will collapse. Once tobacco-growing disappears, you will not have money to pay wages and your economy will crumble. This approach is not feasible. Therefore, to me the only feasible road is to carry out comprehensive agricultural development so as to gradually become self-sufficient in grain supply and reduce the reliance on other provinces. All in Guizhou have the same awareness of this issue. They also have a consensus on the need for the whole party to go in for agriculture, and for all trades and industries to support agriculture and increase its input. All this is aimed at producing a good social environment for Guizhou to break out of the straits it is in and gradually solve the dilemma in agriculture. It is a must for Guizhou to carry out comprehensive agricultural development.

III. What Roads Should Comprehensive Agricultural Development in Guizhou Take?

The first is that Guizhou should mainly take the road of gradually transforming its low- and medium-yield land into stable- and high-yield land. In the agricultural development of the whole nation, the priority is on transforming medium- and low-yield fields. In Guizhou we should talk about the "main aspect" rather than the "priority." I am inclined not to talk about opening up wasteland in a rigid manner, for otherwise it would give the illusion of ruining forest, grass, and grain crops and of aggravating soil erosion. In most of Guizhou crops cover even hilltops. If there are uncultivated hills and slopes left, they are mainly for grass and tree-growing, including economic forests. Any unused waters can be used to breed aquatic products. Do not think of opening up wasteland once development is mentioned. Guizhou should mainly transform medium- and low-yield land, and must absolutely not continue to take the road of ruining forest, grass, and grain crops. Attention should be given to places that have potential to be developed into stable- and high-yield land. Measures should be taken to integrate the uses of hills, water, fields, land, forests, and roads so as to create and consolidate a good ecological environment for stable- and high-yield land. If integrated measures are not taken, stable- and high-yield land will not be retained. The flatlands I saw in Zhijin can become stable- and high-yield land because afforestation on the hills prevents soil and stone erosion. Without improving the surrounding ecological environment, efforts to build high-yield fields there will come to

naught when there is heavy rain. If Guizhou strengthens its efforts to build stable- and high-yield land, and the agricultural population produces on average 5 fen of stable- and high-yield land per capita and so transforms a million or so mu of land a year, from now to the end of 1995 the whole province will have produced 1,400 mu of stable- and high-yield land. On the other hand, birth control work should also be strengthened. In this way, Guizhou will be able to be basically self-sufficient in grain supply. Even if some grain has to be supplied by other provinces, it will be to diversify the varieties. I believe that not only will adoption of this measure promote agricultural development in Guizhou and strengthen its staying power, but it will also increase the staying power of the economic development of Guizhou as a whole.

The second road Guizhou should take is to harness river basins in a planned manner. Harnessing the upper course of the Chang Jiang, including large and small river basins such as the Niao Jiang, etc., can create conditions for improving the ecological environment of Guizhou and building stable- and high-yield land. This is a large-scale systems engineering project. The province should conduct centralized planning for it, emphasize the priorities, and implement them step by step. One part after another of the project should be dealt with. Do not try to finish everything at one time. Harnessing the Chang Jiang involves five or six counties in Guizhou. Money already earmarked for it and aid from the World Bank must be spent in such a way as to yield good results.

The third road is to grow trees and grass. On wasteland opened up on steep slopes and on cultivated land with a gradient of more than 25 degrees, intercropping between trees and grain, or between trees and fruit, or between trees and grass can first be carried out, so that food supply for the peasants will not be affected while conditions are created for the phasing out of grain growing. Grain growing must not be phased out once and for all, for we must protect the interests of the peasants. Some places have learned a lesson in this aspect. To resolve the question of saplings, you must set up sapling farms. The state should provide support for this and saplings should be sold to peasants at favorable prices. Meanwhile, it must be clearly announced that he who grows the trees owns them. It is necessary to organize the masses to afforest ridges on the hills. This will prevent soil erosion and preserve water. Do not uproot grass. Let grass and trees grow, for they can retain water. As long as you continue the efforts, you can change the appearance of Guizhou.

The fourth road is to actively develop cash crops and diversified economy, and especially to actively spread the application of scientific agricultural technology in order to raise the per unit area yield and improve the yield both in terms of quantity and quality. Income from diversified economy can provide financial support for agricultural development.

IV. Measures for Comprehensive Agricultural Development

Having established the guiding principle of comprehensive agricultural development, we turn to the measures. First, leaders should attach great importance to agricultural development and supervise the work themselves. This includes work on development and measures to help the poor. Many questions can be easily resolved if leading cadres see them as important, often ask about them, and handle them themselves. Second, there should be a start-up fund. I am in full agreement with Guizhou's determination to put aside a sum as a fund for agricultural development. The State Council will also adopt various measures to support agricultural development in Guizhou. The money the central government gives to Guizhou and Guizhou's own money together make up a large sum that can set up a fund. This sum must be effectively spent. A considerable portion of it should be gradually returned and re-used. Some development projects have short cycles and yield good results, and money spent on them can return in 2 or 3 years, sometimes in the same year. Input of capital should be focused. This year it should be on this part, next year on that part. Investment must not be spread too thin over all areas of development. Either you do not put in any capital, or you put in capital and resolve the problems. Money should be spent in order of priority. Projects with favorable conditions and which yield quick results should have priority. Proceed with the easy, then the difficult. Priorities should be in this order. In the nation as a whole, it started with the Huanghuaihai Plains, which are endowed with better conditions. Doing so let people see development results, potential, and possibilities as soon as possible. Of course, it is now time to help economically deprived areas. It is a form of support for the state when agriculture in these areas is developed and reliance on grain supply from other places declines. Third, there should be support in the form of policies, such as those on taxation and granting of loans, etc. Fourth, there should be a strong office for this purpose. This office would best be a comprehensive office under the leadership of the provincial government. It should not be on the side of any single department, but should transcend all departments and speak on the side of the party committee and provincial government. It should operate from the perspective of the whole situation and assist the party committee and provincial government in organizing, administering, and coordinating the agricultural development of the whole province. It should also pool money for agricultural development from all channels. Disposition of the money should not be decentralized by department or by level of administration, but should be centrally coordinated and put into projects. Otherwise, the money may be eaten up by some people or spent on buying automobiles and building houses, and no money will be left for agricultural development. Staff of this office should be part of the administrative establishment so that they cannot eat up money for development. In addition, the office must not be in the form of an entrepreneurial economic organization.

V. Several Questions That Call for Attention at Present

First, propaganda work should be strengthened so as to further reassure the people. In general the situation in the Guizhou countryside is good, but there are numerous worrying problems. In addition, the peasants have some worries too. The vast numbers of cadres and masses both wish there to be a stable party policy on rural areas. Party committees and governments at all levels must relay to lower levels the relevant spirit of the Fifth Plenary Session of the 13th CPC Central Committee so as to reassure the peasants and develop agriculture.

Second, the problem of capital must be resolved. The province should try to raise some of the capital to purchase agricultural products. Some places have had a good harvest this year and the peasants are willing to sell more grain. The province should try its best to buy more grain at negotiated prices. Financial departments should closely coordinate with this, improve their service, and try to do a good job in financial accommodation, so as to further promote the development of the local economy.

Third, the production initiative of the vast numbers of peasants must be protected. I realize that at this time in both Zunyi and Bijie problems still exist in the purchase of agricultural products. In some places grain is not purchased, in other places tobacco and rapeseed are not purchased. This directly affects the production initiative of the vast numbers of peasants and must be well resolved. Some places report that in purchasing agricultural products, a white slip stating the amount to be paid later is issued in lieu of cash. Cash must be paid to holders of the white slips as soon as possible. Sometimes when there is a large supply of an agricultural product, its price drops sharply. A protective price must be set on it.

Fourth, the initiative of cadres at the grass-roots level must be protected. Most of these cadres, including village cadres, are law-abiding. Only a very small handful violate the law. During this tour I have been saying that in general we must affirm the basic performance of rural organizations and cadres at the grass-roots level, and affirm their achievements and contributions to the nation. The work of cadres at the grass-roots level is hard. Party policy on the countryside depends on their publicizing and implementing it, and party tasks in the countryside depend on their accomplishing them. Day after day they toil on the frontline and perform a very important function. When there are calamities, their function is especially significant. The principle of seeking truth from facts must be observed in the treatment of these cadres. Each problem should be resolved accordingly. If a problem concerns method, it should be resolved with the method approach. If a problem concerns work style, then it should be resolved with the style approach. If a problem involves violation of the law, it should be dealt with in a legal way.

I am convinced that in spite of difficulties, there is potential and hope in agriculture in Guizhou. As long as

we have correct guiding principles, policies, and measures, are united in the arduous struggle, and work hard for a number of years, it is entirely possible for agriculture in Guizhou to achieve a new breakthrough and reach a higher level.

LIAOWANG Sees Better Grain Prospects

HK0702103090 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No. 4, 22 Jan 90 pp 4-5

[Article by Wang Jian (3769 1017) and Yan Wenbin (0917 2429 2430): "A Turning Point For China's Grain Production"]

[Text] A few days before the clock heralded the dawn of the 1990's, a message came from the State Bureau of Statistics. It said that China's grain yield in 1989 totaled 407.45 billion kg, equaling the record figure of 1984.

Authoritative Ministry of Agriculture sources point out that China's grain yield has been more or less at a standstill since 1985 and the good harvest of grain reaped last year is a remarkable pickup compared with the previous few years. As observed by some experts, China's grain yield is developing a turn for the better again.

A New Start for Agricultural Revitalization

After the contract responsibility system with payment linked to output, based on households, went into effect in rural China, total grain yield soared from the 1979 level of 332.1 billion kg to the new record of 407.3 billion kg in 1984, showing an average annual increase of 15 billion kg over the six years. However, excessive optimism about grain production after 1984, and consequent neglect and reduced attention to it, led to a drastic downturn in grain yield in 1985 with a drop of over 28 billion kg compared to the previous year. Grain yield lingered persistently at that level for the following three years but during the same period China's population grew at an annual rate of 1.4 percent. This reduced the per capita amount of grain by more than 60 kg over the four years from 1985 to 1988. The grain problem quickly aroused nationwide concern. In addition to proposing the economic policy of "improvement, rectification, and deepening the reform", the Third Plenary Session of the 13th CPC Central Committee in October 1988 resolved to develop agriculture with full effort. During the past year, all central and local departments concerned paid special attention, and gave strong support, to agriculture. They gave priority to agriculture when planning investment and making other arrangements. As a result, agricultural production took on a promising look.

According to the information provided by relevant departments, China's grain production last year was characterized by the following features. First, production increased in all three seasons of spring, summer, and autumn. Summer grain yield reached 93.76 billion kg, representing an increase of 3 percent over the year before and creating a new record. This laid a solid foundation

for reaping a good all-year harvest. Last year, the production of early season rice picked up after years of decline and yielded 47.96 billion kg, an increase of two percent. The autumn grain yield was 265.73 billion kg, an increase of 3.8 percent. Second, most parts of the country increased grain production and decreases were limited to a small number of areas. Increased production was enjoyed by 24 regions all over the country, 14 of which equaled or topped their own records. These were Beijing, Tianjin, Hebei, Shanxi, Fujian, Jiangxi, Henan, Hubei, Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang, and Sichuan. Six regions suffered decreased grain production. Third, the sown area was expanded and the yield increased accordingly. The sown area in 1989 totaled 1.681 billion mu, an increase of some 25 million mu over the year before. This was responsible for about 52 percent of the total increased portion of the grain yield. The remaining 48 percent was due to increases in per mu yield. Taken together, last year's total grain yield was up 3.4 percent on the year before. Experts concerned regard this as a new start for the revitalization of agriculture which has been too lifeless in recent years.

Climatic Opportunity, Land Advantages, and Positive Human Efforts

An analysis will show that the reason we had a good harvest of grain last year was, to put it briefly, due to climatic opportunity, land advantages, and positive human efforts.

At the beginning of last year, the CPC Central Committee and the State Council resolved to strive for a good agricultural harvest and nationwide concern and support for agricultural development ensued. Leading organs at all levels tightened their leadership over agricultural work. The state readjusted the buying and selling policies for some grain varieties, raised the purchase price of grain, stabilized contracted production tasks, aroused enthusiasm in the peasants, and encouraged an increase in the grain-growing area. Although investment in capital construction was retrenched throughout the country in the course of improvement and rectification, appropriation of funds for agriculture from the financial sector had increased by over 30 percent over 1988 by the end of last October and local governments and peasants also invested more in agriculture. Means of agricultural production were well supplied. The output of chemical fertilizers increased by 4.5 million tons and the area utilizing farm chemicals by 150 million mu over the year before. According to an expert estimate, the use of farm chemicals alone effectively protected 25 billion kg of grain from pest damage.

Agriculture, aided by science and technology, has proved highly effective and given rise to a remarkable boost in production. Last year, the area sown to hybrid rice under throughout the country was some 200 million mu and that for ratooning rice, over eight million mu. Hybrid maize and high-yield wheat varieties were also popular over a wide range, bringing the coverage of improved strains to over 80 percent. Ministry of Agriculture figures

show that the crop area under agrotechnical contracts throughout the country was expanded to over 300 million mu, increasing the grain yield by 6.5 billion kg. Eight provinces and one municipality directly under the central government in southern China registered increases in grain yield of as much as 10 percent through popularizing improved regular strains of crops. Besides, the 171 commodity grain bases that had been under investment and construction since 1984 began to benefit the economy last year. The increase of 4.5 billion kg of grain represented a rate of 6.2 percent, far beyond the average level. This indicates that there is good reason to expect a solution to the grain problem in China with the help of science and technology.

Last year's climate was somewhere between the best and moderate and quite favorable to the growth of crops. Some regions suffered serious floods and the northeast and north of China were particularly unfortunate to suffer heavy drought. However, the natural disasters had a lessened impact on grain production as a result of strenuous efforts in capital construction of water conservancy works, which proved helpful.

Unrealistic Optimism Should Be Guarded Against

We should not be unrealistically optimistic about the future because of last year's good grain harvest. It must be realized that in the future there will still be many factors restricting the development of grain production and the outlook is still very disturbing.

First, last year's grain yield was not beyond the annual all-round agricultural production capacity in China today, fluctuating within the range of 400 billion kg plus or minus five billion kg. Therefore, we are not in a position to take last year's good harvest as a breakthrough in the sluggish situation of recent years. Because there has been no thorough solution to the long-standing problem of a weak agricultural base and poor stamina, significant strengthening of all-round agricultural production capacity is not possible within the short term. For this reason, the grain problem remains a matter of prime importance in China's economy and should not be overlooked at any time.

Second, though last year's total grain yield came up to the record level of 1984, the per capita amount dropped due to population growth. At present, the per capita amount of grain in China is some 730 jin, less than the target of 800 jin, while the population in China increases by 15 million or so each year. Apart from this, the ever-expanding processing industry also consumes a great deal of grain each year.

Third, the direct cause of last year's increase in grain production was the expansion of the grain-growing area, which alone accounted for an increase of 11.3 billion kg according to ministry figures. In the meantime however, the growing area for cash crops such as cotton and oil-bearing plants decreased accordingly and caused a downturn in yield. It is therefore evident that grain and cash crop production is still in a state of imbalance and

on see-saw terms. To make it worse, the net annual reduction in cultivated land is four to five million mu.

Fourth, the peasants' boosted enthusiasm in growing grain last year was directly connected with the steep rise in market grain price during the first half of the previous year. Investigation shows that the market grain price in the south has now started to drop by a considerable margin and in some regions the problem of "difficulty in selling grain" has cropped up. All this is bound to affect this year's grain production.

Besides, climatic conditions are elusive and agriculture in China is still largely dependent on nature.

The Challenge Continues This Year

According to information, the grain yield target for this year is an additional 5 to 7.5 billion kg over last year. This is a very challenging task.

Relevant Ministry of Agriculture sources reason that there are certain difficulties in fulfilling this target but favorable conditions are not lacking. First, the general environment at large is now more favorable to the development of agricultural production. Investment in agriculture by the state is to increase by a big margin over last year and leaders at all levels are more energetic in tightening agricultural work than last year. Second, the economic environment for agricultural production is growing more permissive. The sale of grain at underquoted prices is greatly restricted and the market for high-profit products such as fruit and tobacco is heading downward. Such tendencies will help arouse the peasants' enthusiasm for growing grain. Third, the all-round production capacity built up through construction of agricultural bases and other development projects over the past few years is bound to rise to a certain extent and some will produce optimum benefits this year. Fourth, the farmland capital construction strenuously carried out last winter and in the coming spring will play a positive role in boosting this year's grain yield. Furthermore, the grain-growing area increased by more than 10 million mu during last autumn and winter which also laid a foundation for a better yield in the coming summer.

There is great potential for increasing grain yield this year. The ministry official in charge of farming said that the general policy for this year's grain production is to seek growth on the basis of stabilization. That is, enhancing per unit area yield while maintaining the original total area; focusing on regions where yield dropped while stabilizing the situation in regions where yield increased; and retaining crops that enjoyed a boost in yield. Concrete measures for these purposes are as follows.

—Enlarge the grain sown area by 10 to 15 million mu through increasing the multiple-crop index, developing grain-grain and grain-cotton intercropping, utilizing fields in the south which lie fallow in winter, and developing the expanding ratooning rice.

—Further popularize various yield-increasing techniques to increase per unit area yield. This year there will be 220 million mu of hybrid paddy rice, 280 million mu of hybrid maize, 520 million mu for formula fertilizer, and 50 million mu for cultivation with modeled technology, all increases of between five and ten percent. The use of these yield-increasing techniques will be very conducive to a better grain yield. To ensure the implementation of these technical measures, great efforts will be made to carry out "group contract" and other forms of responsibility system and to expand the scope of "good-harvest plans". For example, on the basis of the remarkable achievement in last year's "good-harvest plan for 100-jin increase per mu on 100 million mu of maize" in regions embracing the Yellow, the Huai, and the Hai rivers, there is a "good-harvest plan of 100 million mu of wheat" for the same regions and a "good-harvest plan of 100 million mu of paddy rice" for the south this year. Respectively, these aim at per mu increases of 25 kg and 50 kg over a period of three years. There is a "good-harvest plan for wheat-cotton interplanting of 10 million mu" for Hebei, Shandong, and Henan Provinces. Apart from these, due attention should also be given to the projects "10 million mu of grain with per mu yield of one ton", "10 million mu of ratooning rice" and "10 million mu of maize protected with plastic film."

—Ensure the sound development of agricultural areas focusing on grain production and the construction of 254 commodity grain bases to play a leading role in increasing grain yield this year. Besides, material for fighting natural calamities must be well prepared and equal attention should be given to combatting drought and flood control. In this way, we can strive for a good harvest while being prepared for any natural adversity.

New Cooperative Rural Organizations Viewed

HK1901073090 Hong Kong LIAOWANG OVERSEAS
EDITION No. 2, 8 Jan 90, pp 15-16

[Article by Ren Xianliang (0117 6343 5328): "A New-Type of Cooperative Organization Has Emerged in the Chinese Countryside"]

[Text] Editor's note: In the Chinese countryside, a new-type of cooperative organization has emerged. It is not a duplication of the past cooperative movement [0678, 0155, 0553] this "cooperation" or "union" is on the basis of the dispersed operations of the peasant households, and this "union" not only protects the stimulated enthusiasm of the peasants by the system of contracted responsibilities on the household basis with payment linked to output, but also puts the strong points of the cooperative economy into full play—strengthening its capability to shoulder market risks and resistance to natural disasters. The several opening sentences in the noted novel "Story of the Three Kingdoms" to the effect that "in the universe a long-divided state will be followed

by a state of union, whereas a long state of union will be followed by a divided state" denote a regulatory character. (End editor's note)

From the middle of the 1950's, China's cooperative movement in the rural villages lasted with great fanfare, for several decades and by the 1980's it seemed to have been blown aside by the system of contracted responsibility on the household basis with payment linked to output.

But who could know that in less than 10 years, when the the system of contracted responsibility had become a more or less universal form in rural areas, certain new cooperative organizations would silently emerge in the countryside.

These cooperative organizations are different from the cooperative societies in vogue in the early stages of the 1950's. They are also different from the type of transformation in the economically developed regions carrying the features of "united and divided, and ultimately combined double-deck operation", and carried out on the original collective organization forms; and are products of the commodity economy.

A Choice Between Two Difficulties

Implementation of the system of contracted responsibility on the household basis with payment linked to output, released the productive forces accumulated through many years in the rural villages, and the peasants' positivism, which had been suppressed for a prolonged period. For 4 years in succession from 1980 to 1984, agricultural production developed at an extraordinarily rapid pace. For the first time in history, it broke through the difficult pass of a per capita yield of 400 kilograms, and the problem of dressing warmly and eating to the fill, which had beleaguered the Chinese people, was rapidly solved; thanks to the renewed combination of the soil and the peasants, and the peasants obtaining new autonomy in production and operation. However, "division" is not a cure for all ailments, and concurrently with the Chinese peasants enjoying the fruits of the success of "division," in recent years they have begun to be bothered by the difficult problems it has brought.

Following the implementation of the system of contracted responsibility, the reality of farming by a family or household as a unit began to assert itself. After the system's implementation, each Chinese peasant household on the average occupied 8.85 mu of land but this was divided into over 9 pieces with the result that China's agriculture became the most scattered "tiny agricultural economy" in the world. This form of farming adversely affected the improvement of the labor productivity rate in agriculture. The amount of grain produced by each rural labor unit could not amount to one-half of the world's average level.

Great contracting released the productive forces concealed among the Chinese peasants, causing large-scale

increases in agricultural production for several years in succession, but did not necessarily bring people the high lights of bumper crops. Lack of storage facilities, problems of emergency in grain holdings, implements in transactions and various phenomena of the inability to buy, store, move, or sell large quantities of stockpiled grain and cotton, appeared habitually, and were so frequent as to become "disasters."

As a result of frequent disasters and a general reduction in grain and cotton production in recent years throughout the country, emergency cries of shortages caused battles to panic purchase of agricultural and sideline products everywhere.

Sufferings from market undulations and natural disasters caused the peasants to gain a new understanding of "being divided" and "being united." They earnestly wanted to join together to withstand the trials of market risks, to augment their power to resist natural disasters, and to improve their own labor productivity rate. But they were unwilling to return to the past structure of being "large and public." They wanted to be able to maintain the basic form of household operation. Under such conditions, certain specialized households and technical strongmen on the frontline of the commodity economy, surrounding the production, marketing and technical requirements of certain products, took the lead in forming a number of economic cooperative organizations of a specialized nature. These organizations had a common special feature, and this was that they were "associated" but not "united."

In Lunghuan, Hejian County, Hebei Province, peasant Lu Guoxin, took the lead in associating with 20 cotton planting farmers to form a cotton research society. They cooperated to take as their fighting targets, the introduction of new technology, promotion of new varieties, opening up of markets, and improvement of economic effects. The cotton they produced showed obvious signs of being better than cotton of other planters, in such qualities as requiring less labor, more resistant to disease, and higher in effects and as a result; and they won the trust of the peasants in the locality. In 2 years the number of society members reached 1,300 households, and the total cotton planting area increased to over 10,000 mu.

Cooperative organization of this kind have greatly increased in number in the rural villages in recent years. In Sichuan Province alone, there were over 19,600 societies of this kind, with a total membership of over 390,000 peasants. In the Xu county area of Anhui Province, in recent years the number of new-type specialization cooperative societies developed to over 6,500 employing over 25,000 people.

Force of Association Most Directly Needed in the Weakest Link

Facing the ocean-like vastness of commodity production and the cruelties of nature, small farming operations of the single family or household type is obviously

extremely weak and fragile. In an ordinary household, the death of a single may cause overall disruption in production. Even in a household of more substantial means when facing the endless changes in the market, it must watch production, follow up with circulation, and at all times catch up with new technology and innovation. The least mishap or something overlooked may cause enormous losses. Following several years of jolting and setbacks, peasants who had implemented the system of contracted responsibility began to look for measures to compensate for the insufficiencies revealed in production and operation.

Residents of Weihe County, located in Xiangzhi City, Heilongjiang Province, have always had the nickname "honeybees." After the 1983 rural reform, honeybee groups in the collectives were contracted to individuals and for a time this greatly fostered the growth of the honeybee trade. But difficulties soon followed. First of all, it happened that household after household lacked the technical knowhow to handle market changes, they were short of news and information, could not find a smooth circulation passage, and were generally unable to market their honey. Zhao Mingshan, the well-known "king of honeybee rearing" in the province, had in stock over 5,000 kilograms of honey, but could not find a purchasing unit. He travelled to Harbin three times without success and in the end, after having gone through many "back doors," barely managed to dispose of the stock at half the market price. His faithful old employee by the name of Wang Yizhong patiently and diligently accumulated 5 to 6 kilograms of honey juice which he considered as his treasure. But nobody in the locality cared to buy them. The old fellow visited several scores of units in the province but none of them wanted to buy. Finally one purchasing department, showing pity for the tragic circumstance of the old man, bought a part of the stock at a cheap price.

Stagnation in the sale of the products and a drop in income greatly undermined the enthusiasm of the farmers engaged in honey production. The number of bees in the whole village was reduced by half. Facing this dilemma, people like Zhao Mingshan and others from five honey producing farm households, joined together to do some cooperative work in the circulation sector. They formed the Weihe Honey Products Purchases and Sales Company with a capital of 30,000 yuan, helping the honey farmers to solve the problems in both buying and selling. Following this, and on the foundation of the purchases and sales company, they formed a honey federation rendering comprehensive services in production, processing, and sales. After several years, they purchased and sold for the farmers over 460,000 kilograms of honey, in addition to several tens of thousands of kilograms of sideline products. This specialized cooperative organization in a small town in a hilly region draws, like a magnet, people engaged in the sweet honey business. The number of its members has grown from a handful in the beginning, to over 260 at present. The number of bees has grown from 2,000 boxes to a total of over 140,000 cases now.

Like the Weihe Honey Trade Federation, the new-type cooperative economic organizations have all developed from the circulation sector. This is because the peasants who had for a long time been subjected to the conditions of natural economy, in their advance toward the commodity economy, are most fearful of "circulation." They have generally proceeded from circulation to production, from small to large, from looseness to tightness, and gradually formed a relatively complete cooperative organization.

There are many cooperative organizations which function in cooperation at a certain specified stage or aspect; or, they are in a loosely organized state joining together to function when there is need, each member goes his own way when there is no need. The writer, when reporting in Sichuan Province, found that the peasants' cooperative sinking fund society was a sort of cooperative organization with the purpose of easing the insufficiency in funds for agricultural production, and regulating the contradictions in the supply and demand for rural funds.

Like rural villages all over the country, those in Sichuan Province, following their enforcement of the system of contracted responsibility system, found that the original collective economy was greatly weakened and was unable to shoulder the burden of investing more in agriculture. On the other hand, the sundry investments made by the individual peasant households could hardly be of a dimensional scale. Moreover, there was extreme urgency in the need for credit and loan funds for agriculture. In 1988 alone, the gap in agricultural funds in the entire province amounted to 3 billion yuan. For the sake of easing the insufficiency in funds for rural villages, regulating the contradiction in the supply and demand for funds, and increasing the investments in rural villages, peasants in certain localities, on the principles of volition and mutual aid, began to organize their own share-holding type of cooperative organizations for funds. Inside the sinking fund societies, measures like compensatory loans, interest payments and declaration of dividends, were instituted, and in addition a definite portion of the funds from the public accumulation was designated principally for supporting the development of the planting and breeding trades in the rural villages. Although the formation of such cooperative sinking fund societies was the target of attack by certain financial institutions, they received a welcome from the cadres at grassroots levels and the populace in rural villages. In less than 2 years, three-fourths of the villages in Sichuan Province formed cooperative sinking fund societies. The total amount of funds raised was 230 million yuan. Jinfu village, Loshan city, experimentally established a cooperative sinking society. In 1 year, the total amount of funds merged and loaned out amounted to 20 percent of the total amount of funds in loans raised by the collective economic organization and peasant households of the localities from the banks. The sinking funds society of Zhogiao village, Zhifang County of the same province, in 1 year, provided over 170,000 yuan of low interest or

interest-free loans for capital construction of the farmlands in the village, making possible the digging of 35 deep wells, and thus improving an irrigated area of over 7,000 mu of farmland.

Rural village cooperative sinking fund societies of the nature of those in Sichuan Province have emerged in large numbers in various regions of the country. According to statistics from 9 provinces, namely, Jiangsu, Shandong, Hebei, Henan, Hunan, Sichuan, Zhejiang, Anhui and Jiangxi, 45,000 such societies have been formed, with a total amount of funds of over 2.3 billion yuan, thus becoming an important channel of rural investment.

Success Depends on Having a Structure Which Can Render Services Throughout

China's rural village new-type cooperative economic structure urgently needs support from society on all fronts. The support should be in the form of providing services throughout, such as before production, in the process of production, and after production. Assurances should be given on all sides such as in respect of news and information, funds, material resources, and technology. Actual practice has shown that in all the localities which have formed a structure which has rendered services throughout or in all respects, the new-type cooperative structure can achieve a stable and healthy development, and specialized production can readily form a fixed pattern.

Take the case of Cheng County, Zhejiang Province for example. It is China's important region for the production of rabbit hair. Of the 190,000 peasant households in the county, 80,000 are engaged in rearing rabbits. In order to reduce the losses caused by market vibrations; to resolve the psychological fear on the part of rabbit-keeping households, of a plague attacking the rabbits; difficulties in procuring the needed feed materials and lack of purchasers of rabbit hair; this county, on the one hand, actively led the rabbit-keeping peasants to form associations and form a rabbit-rearing federation which has 87,000 rabbit-keeping peasant households as members. On the other hand, it has organized an industrial entity and formed a research institute to study the growth of long-haired rabbits, a superior rabbit breed depot, a factory producing special feed materials for rabbits, a processing plant for selected rabbit hair, a rabbit hair weaving plant, a factory producing rabbit-hair apparels; and ultimately formed an all-round service structure which took technical knowhow as the guiding factors, a sales and marketing society as the mainstay of reliance, and the combination of producing and servicing and provision of a strong economic entity as rear support. In 1986, the international rabbit-hair market was at a low ebb and the peasants on the mainland began a large-scale slaughtering of rabbits. There was a drastic drop in the rabbit population and even Zhejiang Province, which has always carried out the policy of protecting rabbit-hair production, was not spared from this tragedy. In that province, the population of long-haired

rabbits dropped from 12 million to 3 million, a drop of over 70 percent. But thanks to this all-procedural servicing structure and its protection, Zheng county managed to escape from a large-scale, down-hill slide in production. The population of rabbits in the county was stabilized at over 500,000. After visiting this county, Dr. Zhemer of the Federal Republic of Germany, was full of praise for its accomplishment. He said that after having visited over 20 countries, he found that a service structure like that in the county, was non-existent in any part of the world. In the past 4 years, the income from rabbit-raising of peasants in the county increased by over 80 million yuan and the foreign exchange earnings from exports amounted to 20 million.

All-procedural servicing not only calls for the various departments of society to do their utmost to provide a good development environment from the outside to this new-type cooperative organization, but also implies that the organization itself, if it wishes to consolidate its development, must internally among its constituent members do a good job in coordinating servicing. The success of a new-type cooperative organization also lies in this. All-procedural servicing plus a specialized federation creates an ideal pattern for the new-type cooperative organization in China's countryside.

Inside the new-type cooperative organization, the relationship between the cadres and the populace is also different from the past relationship between the "upper and lower" levels in collective organizations. It is now like the relationship between the captain of a ship and its crew members, in which case their common interests join them together into an entity. If an individual crew member does not observe the rules of the joint body, he will be reprimanded and punished. Naturally, if a certain constituent member feels that the interests of the joint body are not unanimous with his own then he has the right to resign from the association. "Joining the society is voluntary, withdrawal is at one's liberty, all is under democratic management." This is a common feature of these cooperative organizations.

Today, at this time of the promotion of the policy of reform and opening to the outside world in the rural areas; of the renewed union of the dispersed elements of production required by the development of the productive forces; and of the peasants, under the conditions of the commodity economy and according to the demands of socialized specialization and division of work, voluntarily forming this new-type cooperative organization; this kind of new-type cooperative organization will no doubt play an exceedingly large role in fostering the development of the productive forces.

Bo Yibo Views Rural Enterprise Development

HK3001G24590 Beijing RENMIN RIBAO in Chinese
21 Jan 90 p 2

[Article by Bo Yibo: "To Develop Township and Town Enterprises Is a Task of Strategic Significance"—speech made when meeting with representatives attending the

inauguration of the China Township and Town Enterprise Association on 11 January 1990]

[Text] Comrades, thanks to your efforts, the China Township and Town Enterprise Association has been set up. This is a gratifying and great event. During the last few years I have said: Township and town enterprises are a force suddenly coming to the fore and they can play a great role in developing China's productive forces. This is a great invention of the rural reforms in our country. Everybody should support and cherish them. I love these newly emerging things very much. Therefore, I am pleased to accept your request for me to serve as honorary president of the association. I would like to express my warm congratulations on the inauguration of the association and extend my cordial greetings through you to the more than 90 million cadres and employees in township and town enterprises.

Developing township and town enterprises is a strategic task. In accordance with the line adopted by the Third Plenary Session of the 11th CPC Central Committee, we must achieve the strategic goal of quadrupling the GNP by the turn of this century. We have doubled the GNP during the last 10 years. The 1990's will be a decade of crucial importance. If we can maintain a 6 percent growth rate we will be able to attain the goal of again doubling the GNP and achieve a comparatively well-off standard of living. When the goal is obtained it will be easier for us to accomplish things during the following years. In the coming century, so long as we proceed at a rate of about 3 percent, we will be able to reach the status of a moderately developed country by the year 2050. Practice proves that it will be impossible to attain this magnificent goal if we fail to develop township and town enterprises. Township and town enterprises made important contributions in doubling the GNP during the last decade. The development of the country during the 1990's and the next century needs greater contributions from township and town enterprises. In the course of modernization, township and town enterprises will play a greater and greater role. This being the case, it is my hope that all comrades will run them increasingly more efficiently.

After 10 years of hard work, township and town enterprises have made tremendous advances and secured a firm foothold. I have heard that last year, in extremely difficult circumstances, township and town enterprises willingly readjusted and developed themselves in line with: The central policy of improving the economic environment, rectifying economic order, and deepening the reform; the requirements of the general plan for economic development; and with the state's industrial policy, and brought their strong point of being flexible into fuller play. They not only withstood the test but also achieved steady development. Their output value amounted to over 750 billion yuan, equivalent to the country's total social product in 1979. Of this total, industrial output value was 510 billion yuan, equivalent to the country's industrial output value in 1980. They earned \$10 billion or more in foreign exchange through

exports and handed over more than 36 billion yuan in tax to the state. This is highly commendable. An economic structure has now been set up with agriculture as its foundation, and township and town enterprises as its pillars, in which industry and agriculture complement and promote each other. The party Central Committee advocated that stability was currently a matter of prime importance. The steady development of township and town enterprises has made great contributions to stabilizing the rural economy and society. Township and town enterprises have now become an important component part of the national economy, the only way to invigorate the rural economy, and a major job market for the surplus rural labor force. They are an important prop in the development of agriculture, particularly the development of grain production, and the major way of increasing the peasants' income. They are an important source of state revenue, an important force in export trade, and important suppliers who help increase effective supplies in society. They are also an important force promoting the construction of small rural towns, the building of spiritual civilization, and one of the important ways of building socialism with Chinese characteristics.

In terms of experiences, both positive and negative, over the several decades of economic development in our country, to achieve industrialization it has not been enough to just engage in industry in cities and it will not do to run industrial enterprises by relying merely on state investment. Industrialization requires that industrial output value should make up the largest proportion of total industrial and agricultural output value and that most surplus rural labor force should move to secondary and tertiary industries. In a country like ours where the peasants constitute 80 percent of the country's 1.1 billion population, to solve this problem we should develop township and town enterprises by relying on the peasants' self-accumulation capability. Hence, this poses the question of how to organically combine industries in urban and rural areas so that the two can develop in a coordinated way. The road of integrating city and countryside, industry and agriculture, and trade, industry, and agriculture, as summed up by many localities, is a good form to strengthen the worker-peasant alliance in the new period and, therefore, we should further explore and improve it in practice. At present, it is necessary for most of our comrades to deepen their understanding of rural industrialization. The development of township and town enterprises is the outcome of the party's policy of reform and opening to the outside world, the great creation of hundreds of millions of peasants, and the inevitable trend in Chinese economic development.

While scoring great successes, township and town enterprises have also encountered some problems and deficiencies, such as mismanagement, little access to information, duplicate construction, poor product quality, high consumption of energy and materials, economic insufficiency, and environmental pollution. Although problems in the course of our advance, if they are not

solved, they will impair the township and town enterprises' capability for continued development and we will suffer in the end. The ongoing drive to improve the economic environment and rectify the economic order provides an opportunity for township and town enterprises to readjust, consolidate, and improve themselves. Everybody should have a correct understanding of this point of the issue. Now that township and town enterprises have become one of the major pillars of the national economy, they should put the state's and the long-term interests in first place and be more far-sighted, rather than just striving for the interests of small collectives and the immediate interests. They should make earnest efforts to sum up experience, pay keen attention to readjusting the product mix, raise their operational, managerial, and technical levels, and increase their accumulation ratio. If this step is taken properly, this means that they will have laid a solid foundation and established themselves in an unassailable position in competition and that their sustained and steady development is assured. Otherwise, the result will be something else. I would like to point out here: Some comrades have worried about the economic improvement and rectification program and, therefore, worked without enthusiasm. They took a wait-and-see attitude and some supply and marketing personnel did not dare perform their official duties. This is an abnormal phenomenon. Implementing the state's policies and decrees and conducting normal business activities are not contradictory. Since the comrades in township and town enterprises and the state are inexperienced in this regard, many problems should be gradually explored and solved in practice. Nevertheless, the state's firm support for the development of township and town enterprises will not change. Therefore, it is my hope that our comrades will dispel their worries, work hard, and carry out production efficiently so that township and town enterprises will develop soundly in the course of improving the economic environment, rectifying the economic order, and deepening the reform.

After its founding, the association should strive to be a good assistant of the government, carry out its work with enthusiasm in accordance with the requirements of its constitution, and work hard to develop township and town enterprises through self-service, self-education, and self-improvement. This is in line with the general policy of "active support, rational planning, correct guidance, and better management," and that of "readjustment, consolidation, transformation, and improvement," put forward by the party Central Committee and the State Council. The government departments concerned at all levels should actively support the association in its work. In conclusion, I hope that the vast numbers of cadres and employees in township and town enterprises will heighten their spirit, overcome difficulties, and strive for new successes.

Water Ministry Reports Irrigation Projects

OW0702031390 Beijing XINHUA Domestic Service
in Chinese 0453 GMT 5 Feb 90

[By reporter Lu Yongjian (7773 3057 1696), correspondent Ying Youfeng (3602 1635 1496)]

[Text] Beijing, 5 Feb (XINHUA)—Since last winter, hundreds of millions of peasants in China have braved bitter cold and vigorously engaged in building and repairing farmland irrigation projects. An expert of the Water Resources Ministry has said that the scale of the construction of farmland irrigation projects was extensive in all localities, received investments from all quarters, and stressed practical results. The achievements were the greatest in the past 10 years. This constitutes a favorable condition for increasing agricultural output this year.

Statistics of the Water Resources Ministry show that as of 15 January, a total of 3.2 billion people had been engaged in the construction of irrigation projects since last winter; some 4.2 billion cubic meters of earth and stonework were completed; irrigation projects for 52 million mu of land were restored, improved and newly completed; waterlogging was eliminated on 16 million mu of land; 11 million mu of alkaline, saline, and low-yielding land were transformed; and soil erosion on 13,500 square km of land was brought under control. In addition, the problem of drinking water for six million people and 3.5 million animals was also solved.

Since last autumn, particularly since the State Council's "Decision on Vigorously Launching Capital Construction in Farmland Irrigation" was issued, leading party and government departments of all localities have actively mobilized the people and worked out plans for building farmland irrigation projects. In provinces, municipalities, and autonomous regions like Beijing, Liaoning, Jilin, Heilongjiang, Anhui, Shaanxi, Xinjiang, Fujian, Guangxi, Sichuan, and Guizhou, farmland irrigation capital construction command posts have also been set up, which are headed by government officials and joined by departments concerned. Major leaders of the State Council, the Water Resources Ministry, and the various provinces, municipalities and autonomous regions have also gone to the construction sites of the irrigation projects to take part in manual labor. This has further aroused enthusiasm not seen in years in the masses.

In response to the nationwide call for promoting agricultural development, funds are pouring in from all sectors for the construction of irrigation projects. At present, the provincial, prefectural, county, and township financial departments have raised more than two billion yuan, and the state has appropriated, in advance in terms of the annual irrigation plan, a subsidy of 580 million yuan for construction farmland irrigation projects. The masses are enthusiastic in pooling funds to build irrigation projects, with self-raised funds totaling more than

two billion yuan. Since last winter, Sichuan, a big agricultural province, has pooled 700 million yuan from various channels and at various levels for the construction of irrigation projects, equivalent to half of the total amount raised in the previous 10 years.

The various localities have put the stress of the construction of irrigation projects this spring on the maintenance, restoration, and installation of ancillary equipment, and renovation and improvement of existing irrigation projects in an effort to yield visible results within the year. In actual construction, most of these projects are small, and farm machinery is used as much as possible. The level of mechanization is higher than the previous year.

The various localities have also adapted their measures to the local situation and concentrated on different aspects of irrigation: In northeast and north China, and in Guangxi, the emphasis is on combating drought, locating new water sources, and conserving water; in Hainan, Zhejiang, Fujian, and other provinces plagued by flooding and typhoon, the emphasis is on repairing irrigation projects destroyed by flood. In the Loess Plateau, it is common practice to build terrace fields, furrowed land, and embankments.

During the last winter-spring period, many trades and professions in China were supporting the construction of irrigation projects. Planning, financial, goods and materials, banking, petrochemical, commercial, supply and marketing, as well as propaganda departments gave priority to irrigation projects, and the People's Liberation Army has engaged 80,000 men in building and repairing irrigation projects in winter.

As the Year of the Horse has arrived, spring production will soon begin. The Water Resources Ministry urged all localities to redouble their efforts, and, based on the large amount of earth and stonework completed in digging ditches last winter, do a good job in supporting structures like bridges, culverts, and floodgates; and put them to productive use as soon as possible to better serve agricultural production this year.

Progress in Land Improvement, Water Conservancy

*OW0502222290 Beijing XINHUA Domestic Service
in Chinese 0658 GMT 5 Feb 90*

[By reporter Lu Yongjian (7773 3057 1696); Beijing XINHUA Domestic Service in Chinese at 1336 GMT on 5 February transmits a service message which reads: "Please cancel the item on China's achieving the best results of the last 10 years in farmland and water conservancy construction."]

[Text] Beijing, 5 Feb (XINHUA)—Since last winter, hundreds of millions of peasants in China have braved severe cold and made great efforts to improve farmland and build and repair water conservancy facilities. According to experts of the Ministry of Water Resources, the nationwide upsurge in improving farmland and

building and repairing water conservancy facilities is large in scale with investment made by various quarters and with emphasis put on practical results. So far, the efforts have produced the best results of the last 10 years and created some favorable conditions for increasing agricultural production this year.

According to statistics compiled by the Ministry of Water Resources, from the beginning of the winter season to 15 January, China invested 3.2 billion man-days of labor in building and repairing water conservancy facilities, completed 4.2 billion cubic meters of earth and stone work, restored and improved 52 million mu of irrigated land, drained 16 million mu of waterlogged land, improved 11 million mu of low-yield saline-alkali land, and tackled the soil erosion problem on 13,500 square kilometers of land. In addition, it also solved the drinking water problem for six million people and 3.5 million head of draught animals.

Since last fall, the governments at various levels and the people throughout China have invested a large amount of money in water conservancy projects amid the call for agricultural development. So far, the governments at provincial, prefectural, county, and township levels have raised more than two billion yuan, and the state has appropriated 580 million yuan of farmland and water conservancy subsidies according to the annual plan. The people have also raised more than two billion yuan for water conservancy projects. Since the beginning of last winter, Sichuan, a major agricultural province, has pooled financial resources at various levels and through various channels and has spent 700 million yuan on water conservancy projects. The spending was equal to 50 percent of the total water conservancy spending of the last 10 years.

In the current winter-spring season, all localities have stressed water conservancy construction on maintenance, restoration, transformation, and improvement of existing water conservancy facilities and on building auxiliary projects, and are striving to achieve good results this year. The projects under construction are mostly small ones. More machinery is being used in building those projects this year than in previous years.

In the current winter-spring season, all trades and professions and the planning, finance, materials, banking, petrochemical, commerce, supply and marketing, and propaganda departments are supporting the water conservancy construction. The People's Liberation Army has contributed some 80,000 man-days of labor to repairing water conservancy facilities.

The Year of the Horse has arrived, and spring production will soon begin. While a large amount of earth and stone work has been done since last winter, the Ministry of Water Resources urges all localities to pay attention to the construction of such auxiliary projects as bridges, culverts, sluice gates, and stations and put them into operation as soon as possible, so as to facilitate this year's agricultural production.

Readjustment of Animal Husbandry Structure Urged
HK0702021590 Beijing NONGMIN RIBAO in Chinese
15 Jan 90

[Article by Zhang Qiying (1728 0366 4134) and Wu Lidai (0702 4539 1601) of the Livestock Veterinarian Department of the Ministry of Agriculture: "It Is Imperative to Readjust the Animal Husbandry Structure"]

[Text] In recent years, China's animal husbandry has developed rather rapidly. According to statistics, the total output of meat nationwide for 1988 came to 24.80 million tons, increasing by 28.7 percent on 1985. The per-capita possession of livestock products nationwide for 1988 was: 22.6 kg meat, 6.3 kg eggs, 3.8 kg milk products, greatly improving the people's living standards and changing their structure of diet. At the same time, the specialization and commercialization of China's animal husbandry has initially formed a relatively independent industry.

However, we should be soberly aware that it is an arduous task and a grim challenge for China's husbandry to make a step forward. First, there will be an increasingly pressing demand for livestock products with the annual growth of population. In terms of the current per-capita quota of livestock products, we have to produce an additional 340,000 tons of meat, 95,000 tons of eggs, and 57,000 tons of milk every year to meet the demand of additional population. Accordingly we have to raise additional 4.6 million pigs (or three million beef cattle), seven million layer chickens of fine breed, 20,000 milch cows taking into account the current production capability of China's animal husbandry. Second, the growth of grain production failed to meet the demand of developing animal husbandry. In the last decade, the production of eggs and milk nationwide increased by 11.2 and 15.3 percent respectively every year, while the annual growth rate of grain production only registered 2.7 percent. According to calculation, China will run short of fodder grain by the end of this century, and the situation will go from bad to worse. This will become a major factor hampering the development of animal husbandry.

Since the liberation, pigs have been the principal component of China's livestock. In 1988, of the amount of various livestock, pigs accounted for 51.1 percent and of the total output of meat, pork made up 81.4 percent; while the meat from domestic animals which feed on

grass and domestic fowl which consume less grain only accounted for 7.1 and 11.1 percent respectively.

Statistics show that of the total fodder grain consumed every year nation-wide, that for raising pigs accounts for over 60 percent. Therefore, China's existing animal husbandry structure, which depends on grain production to a great extent, not only greatly hampers the further expansion of the industry itself, but also increase its fragility and instability. It is reported that of the last 39 years since the founding of the Republic, there have been 14 years in which the amount of pigs dropped to varying degrees every other year or for several years in succession, namely, the amount of pigs was reduced to minimum every three years. This was mainly caused by strain on fodder due to drop in grain production the previous year.

Fodder (forage grass) resources are the material guarantee for developing animal husbandry, while the animal husbandry must be geared to fodder resources. In light of our characteristics, that is, we are comparatively short of fodder grain while rich in meadow resources, we should avoid our weak points and make use of our strong points, and lose no time in promoting in-depth expansion of our animal husbandry. While stabilizing the amount of pigs and attaching importance to improving the productivity (survival rate, rate of pigs delivered to the slaughterhouse, rate of providing lean meat), it is necessary to develop grassland animal husbandry which is mainly composed of animals which feed on grass and fowl which consume less grain by rationally tapping and employing our land resources, raising the utilization ratio of land, and producing more fodder and forage grass making use of modern technology. This is the road we must follow in developing new-type animal husbandry in a sustained and stable way.

Properly readjusting China's animal husbandry structure is not only an economic matter, but it is also of strategic importance to putting our territory in order, preventing soil erosion, beautifying the environment, and improving ecological conditions. Throughout the world, countries with ample or insufficient supply of grain pay great attention to the development of grassland animal husbandry. Some experts said that in countries which have developed animal husbandry over 50 percent of fodder comes from grassland. China is richly endowed by nature in terms of grassland resources because 40 percent of its territory is covered by grassland. Though China is different from other countries in natural and social conditions, we still can learn from their precious experience in developing grassland animal husbandry.

Central-South Region**Guangdong Conference Reviews 1989 Achievements***HK1201022990 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 10 Jan 90*

[Excerpt] The provincial people's government held a meeting of all its functionaries to analyze the current economic situation and discuss and assign economic work for 1990.

Provincial Governor Ye Xuanping presided over the meeting, and Executive Vice Governor Yu Fei delivered a work report.

Comrade Yu Fei pointed out in his report: Over the past year, the province made progress in both economic construction and other undertakings. It is estimated that the GNP will increase by 7.5 percent over the preceding year; the gross output value of industrial and agricultural production will go up by 13.2 percent; industrial production will go up by 14 percent; and agricultural production will rise by 8.6 percent. There will be a 11.6 percent increase in financial revenue. The rise in the general price index in 1989 decreased by 6 percent over the previous year, which shows that the overall price rises in 1989 were significantly smaller than they were in 1988. The overall economic development was kept stable in the main, and the work of economic improvement and rectification yielded initial results.

Comrade Yu Fei emphasized at the meeting: To accomplish our province's economic work for this year, we must not only attain the goal set for improving the economic environment, rectifying the economic order, and deepening the reform but also go about things steadily and surely to maintain a sustained, stable, and harmonious economic development. [passage omitted]

Reform Helps Guangdong With Foreign Cooperation*OW2701064090 Beijing XINHUA in English 0158 GMT 27 Jan 90*

[Text] Guangzhou, January 27 (XINHUA)—China's current economic revamping is helping foreign economic cooperation in south China's Guangdong Province to develop in a rational way, a provincial official said here today.

Reviewing last year's development, the official said that the structure of foreign investment in Guangdong was further rationalized.

In 1989, Guangdong approved 2,438 overseas-funded projects, with 97.2 percent of them being productive and export-oriented. Of these projects, over 100 involve an investment of at least five million U.S. dollars each, and 46 involve an investment of at least 10 million U.S. dollars each.

Last year, foreign investors started a number of capital- and technology-intensive projects in Guangdong,

including the production of automobiles, computers and computer parts, and chemicals.

In 1989, Guangdong used foreign funds totalling 2.399 billion U.S. dollars, 47 percent of which was direct foreign investment, an increase of 6.6 percentage points over 1988.

Of the total overseas investment last year, 68 percent came from Hong Kong and Macao, which used to make up 90 percent of the total. Investment from the Federal Republic of Germany, Britain, Sweden, Canada, the United States, Australia and Taiwan increased rapidly.

More foreign investment went into energy, transport and materials projects in 1989. In the power industry alone, 18 foreign-funded projects were started with a combined investment of 284 million U.S. dollars.

According to the official, a number of state-owned firms attracted foreign funds for technical upgrading by transferring their shares to foreigners.

The official said that China's economic revamping had created a favorable environment for foreign-funded firms operating in Guangdong.

Last year, 2,545 foreign-funded firms were engaged in export production, 37 percent more than in 1988. The export earnings of these firms were 2.85 billion U.S. dollars.

A survey of 210 foreign-funded firms shows that in the first three quarters of last year, their foreign exchange earnings were 1.869 billion U.S. dollars, and their foreign exchange expenditures were 1.758 billion U.S. dollars, a favorable balance of 111 million U.S. dollars.

Guangdong Reprocessing Shows Less Foreign Profit*HK1501031390 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 15 Jan 90 p 19*

[BY Geoffrey Crothall]

[Text] Foreign investment in Guangdong's reprocessing industries increased by 50 percent last year to U.S.\$487 million.

Although the number of reprocessing and compensation trade deals funded primarily by Hong Kong and Taiwanese companies increased markedly during 1989, the bulk of the increased spending was taken up by higher land, labour, freight, and material costs.

Many foreign corporations reported a significant decline in the profitability of their processing ventures in Guangdong, and there was a noticeable decline in the number of new contracts signed by European and American companies.

Several major Hong Kong companies, including RJP Electronics, Tomei Industrial, Tungtex and Kader industrial, moved part of their production from Guangdong to southeast Asian countries last year.

Land costs for industrial development in Guangdong are now comparable with Thailand, and, whereas in Thailand business can acquire freehold property, the best Guangdong can offer is a 50-year land lease.

A \$400 million "electronics city" project in the Shenzhen Special Economic Zone was transferred to Bangkok because of continued political and economic uncertainty in China.

Guangdong's own economic statistics, which estimate there are now more than 18,000 enterprises in the province involved in reprocessing work for foreign companies that employ over 1.4 million people [sentence as published]

The majority of these enterprises are involved in clothing, knitwear, jewellery, electronics toys and textile manufacture."

Taiwanese manufacturers in particular have continued to establish product bases in Guangdong this year as domestic labour costs continue to rise.

Taiwanese electronics manufacturers have often publicly voice fears that Guangdong manufacturers will "steal their technology" if they transfer hi-tech production lines to the province.

Guangdong Fulfills Power Generating Quota

HK1701094690 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 16 Jan 90

[Text] According to a provincial work conference on power industry that opened this morning, by the end of last year, Guangdong Province had already fulfilled a year ahead of schedule both the power generating and electricity purchase quotas set in the Seventh 5-Year Plan.

Last year, in overcoming difficulties due to shortages of equipment, raw and processing materials, and transport facilities, the power industrial sector in this province made great efforts to ensure timely completion of key projects and thus raised the province's power installed capacity by 920,000 Kw. Statistics show that Guangdong generated and purchased a total of 31.46 billion kilowatt-hours of electricity last year, an increase of 11.5 percent over the previous year.

Guangdong Plans To Boost Power Industry

HK0801000490 Beijing ZHONGGUO XINWEN SHE in Chinese 0242 GMT 5 Jan 90

[Text] Guangzhou, 5 Jan (ZHONGGUO XINWEN SHE)—It is learned from the report submitted by the Guangdong provincial government to the provincial

People's Congress that Guangdong's power industry will increase its generating capacity by 10 percent per year in the next decade. By the end of 1999, the per capita electric energy production will reach 1,380 kwt-hours a year, higher than the national per capita production of 1,000 kwt-hours.

Reportedly, Guangdong Province will concentrate strength to build a number of large coal-fueled power plants in coastal areas in the next 5 years. The projects that will be started in this period include the Second Phase of the Shajiao Power Plant, the Zhujiang Power Plant, and the power plants in Zhanjiang and Shantou. When these new power plants are completed and put into operation in 1995, they will increase to an additional capacity of about 7 million kwt, and this means that the province's electric energy production will increase by 10 percent every year.

It is learned that while the Daya Bay Nuclear Power Plant was being built, Guangdong prepared to build its second nuclear power station. At present, the appropriate department is seeking a suitable site. In addition, Guangdong has signed an agreement with some provinces in southwest China to develop the generating capacity of over 2 million kwt before the year 2000 in the southwestern region. The power plants with oil shale as fuel in Maoming are being intensively built. A range of small and medium-sized hydropower stations will be completed and put into operation soon.

In order to mitigate the power shortage in this province, the Guangdong provincial government has instituted some measures for economizing on electricity. Enterprises that consume much energy, produce goods in low efficiency, and cause pollution will be closed down or shifted to producing other goods or merged into other enterprises in the course of screening and rectification. The appropriate department will also formulate and promulgate the Regulations on Economizing the Use of Electricity in Guangdong Province, and will strengthen management over the use of electricity.

Reportedly, because construction and economic conditions in Guangdong were overheated in recent years and insufficient investment was made in the power industry, the supply of electric energy in this province could not keep pace with the economic development. At present, the whole province was 30 percent short in electricity.

Guandong's SEZ To Expand Production, Exports

OW0901043690 Beijing XINHUA in English 0251 GMT 9 Jan 90

[Text] Shenzhen, January 9 (XINHUA)—The Shenzhen Special Economic Zone in Guangdong Province will expand its industrial production and exports in 1990 while cutting back its investment in fixed assets, according to a Shenzhen planning official.

Shenzhen will increase the value of its industrial output by 17.4 percent to reach 13.5 billion yuan in 1990. It will

expand the production of personal and mini-computers, high-grade household electronics goods, magnetic materials, optical fiber and cables, chemical fibers, textiles, garments and program-control switchboards.

The zone will increase its exports by 10 percent to reach 2.2 billion U.S. dollars this year. It will expand the processing industry and entrepot trade, and set up more companies abroad.

The zone also plans to use overseas investment totalling 550 million U.S. dollars in 1990, 25 percent more than in 1989. The planned foreign-funded projects include airport and harbor facilities, television tube plants, a brewery, an oil refinery and a power plant.

The zone's capital investment will be 3.5 billion yuan in 1990, 22.3 percent less than in 1989. The funds will be mainly spent on industrial projects and infrastructural facilities, with 45.1 percent for industry and 23.7 percent for transport and telecommunications.

Shenzhen Official in Guangdong Views Development
HK1201044890 Beijing CHINA DAILY in English
12 Jan 90 p 4

[By Zhu Yinghuang]

[Text] Shenzhen—Does it take longer for a tree to grow than a city? It seems so here in this coastal city in South China near Hong Kong.

You see all the features of a modern metropolis: skyscrapers, hotels with revolving restaurants on top, neon signs glittering from department stores, seafood restaurants and jewellery shops, a railway overpass with green lawns on either side, blocks of apartment buildings with potted flowers on the balconies, and lines of cars, trucks and cabs on the streets. But there are not many big trees. The trees that do exist here are young, small, and dwarfed by signs of modernization.

The Chinese say "It takes 10 years for a tree to grow up." But if Shenzhen is an example, a city can grow out of a small town in only nine years.

The city's vice-mayor, Zhu Yuening, describes Shenzhen as a city "just finishing high school, entering college, and preparing for its PhD."

Shenzhen was China's first Special Economic Zone, set up in August 1980, as a pioneer, a testing ground for reform policies.

"The past 10 years have laid down a foundation, and the next decade will see the city take off," Zhu said during a recent interview with CHINA DAILY.

Another Shanghai

Zhu, who came to the zone in 1985 and became vice-mayor the following year, is confident about the city's

prospects for the 1990s. "With our basic reform and open policies unchanged, we will build another Shanghai here in Shenzhen," he said.

The city has reasons to be ambitious.

By 1988 Shenzhen was the country's second largest exporter, after Shanghai. Its exports were worth \$1.8 billion, 190 times the \$9.3 million registered in 1979. It ranks first in the export of bicycles, watches, cameras and household electric appliances.

Last month the city's statistics bureau estimated that the gross value of its industrial output would reach \$11.5 billion yuan for 1989. But only 10 years ago, when this small border county called Baoan was upgraded to a city by the State Council, its total industrial output was worth just 60 million yuan (\$12.7 million).

When the Special Economic Zone was first set up, foreign investment amounted to \$9.4 million. Now the city reports that it has absorbed \$2.3 billion in foreign funds, one-seventh of the total foreign investment in all of China.

And the State has benefited from all this commercial activity. To date, Shenzhen has turned over to the State 800 million yuan (\$170 million) and \$82 million in foreign currencies.

But what about this year? And next year? Will the growth slow down? I asked Zhu how the city will survive the economic retrenchment since the political turmoil in Beijing last June and the current austerity policies affecting nearly all sectors of the Chinese economy.

According to an estimate by the statistics bureau, the value of the city's industrial output for 1989 had grown by 29.5 percent, while that for the whole country in the same period was only about 7 percent.

"This growth is unlikely to slow down in the next year," Zhu said, "because here we have a special economic structure."

Shenzhen's is an export-oriented economy.

Two Markets

"Because of its special geographic and economic position, Shenzhen has two markets—domestic and overseas. But our aim is to cross the seas," Zhu said.

In the last two years, the city government has been encouraging all enterprises to increase exports. Zhu said 54 percent of the total industrial production was for export in 1988, and that figure would rise to 58 percent in 1989.

The city exports 600 kinds of goods, and at least 100 enterprises have an annual export volume of \$1 million each.

Not all exports are made in Shenzhen, however. Some 40 percent of the city's export volume comes from interior provinces, cities and regions.

"We do not merely go for final products," Zhu said.

Today, 1,000 enterprises in Shenzhen are what is known as "Sino-Sino-foreign" joint ventures, meaning a venture shared by three partners—from Shenzhen, interior regions and overseas.

At the same time, foreign-funded enterprises are gaining larger shares in the city's production-for-export strategy.

By the end of October, they had produced goods worth 5.4 billion yuan (\$1.1 billion), more than 60 percent of the city's total industrial output value. During that period, their exports grew 71.4 percent from the same period in 1988.

Many of these enterprises do not have to rely on domestic markets and are often engaged in processing and assembling, using imported raw materials, half-finished products, as well as imported techniques, designs and capital.

Finally, big companies and enterprise groups are striving to expand their business abroad.

"Why should we put all our eggs in one basket?" they ask. To date, these companies have established 100 agencies, offices and joint ventures in Hong Kong, Macao and foreign countries.

But the vice-mayor is not without his concerns.

The Turmoil

"Right after the Beijing turmoil in early June, some foreigners began to leave and investors hesitated to make further moves," he said.

On June 9, the city government invited foreign business people to a meeting, at which Zhu reassured them that there would be no change in the city's reform and openness policies.

"Now I don't have to repeat this 'no change' policy," Zhu said, "since a lot of them have returned and have seen this with their own eyes."

Investors appear to have believed Zhu. The city reports new investments of tens of millions of dollars by the U.S. Du Pont Chemical Company, new loans by a dozen foreign banks for the construction of a colour TV tube factory, and a new loan of HK\$5 billion (\$641 million) by the Hong Kong Shanghai Bank and Bank of China to build the Shenzhen-Guangzhou Expressway.

For the future, 10 major capital construction projects head the vice-mayor's agenda. They include five power plants, an airport, a port, more expressways, renovation of the old railway station, and installation of more telephone lines.

Difficulties

Economists and experts have predicted that 1990 will be a year of both difficulties and opportunities for Shenzhen.

Some enterprises, especially those whose products are mainly sold in China, are already feeling the impact of the retrenchment programme: decreased supplies of capital and materials and rising labour costs.

So people are beginning to realize that the city cannot always rely on preferential policies the government has granted to the zone, such as tax exemptions and allowing it to retain foreign currency earnings. They are also facing more competition since more special economic zones in coastal areas have been created.

Economic sanctions by some foreign countries are also adding new barriers to development.

Experts say that the readjustment of the world economy, the emergence of new technologies, and a limited world market will all pose new challenges to the city.

The successes and difficulties it has experienced have convinced the city's economic planners, investors and entrepreneurs that the city's economy must be directed toward overseas markets. "Actively and directly participating in international business and competition" has become the call of the city and of the day.

Guangdong Mayor Views Shenzhen Economic Steps

HK1901034090 Hong Kong WEN WEI PO
in Chinese 19 Jan 90 p 4

["Special dispatch" from Lin Yudong (2651 5940 2767), a staff reporter: "Li Hao Talks about Shenzhen Economic Development in 1989"]

[Text] Shenzhen, 18 Jan (WEN WEI PO)—Li Hao, Shenzhen City party committee secretary and mayor, declared here today that a national conference on the work of the special economic zones would study the policies and measures for further carrying out reform and opening up and further running the special economic zones well.

This statement of Li Hao was made at a Shenzhen City People's Government Spring Festival get-together in the Yinhu tourist center tonight to some 500 foreign specialists working in Shenzhen, businessmen from abroad who have come to Shenzhen to make investments, and personages of various circles, including financial circles and enterprises.

Li Hao said that in the past year, Shenzhen Special Economic Zone maintained coordinated and steady economic growth, and that its gross industrial output value exceeded 10 billion yuan for the first time, amounting to 11.5 billion yuan for the whole year, and recorded an increase of 29.5 percent over the preceding year; the total

amount of exports reached \$2 billion, an increase of 8.1 percent; the budgetary financial revenue recorded an increase of 22 percent over the preceding year. The market supply and demand were steady, the price hike was brought under control, and the nine large basic facilities progressed well. These achievements, the concerted efforts of all people throughout the city, and the cooperation of the foreign specialists and personages from abroad were inseparable.

In conclusion, Li Hao said that it could be predicted that in the second 10 years, Shenzhen Special Economic Zone construction would develop even more and make a forward step even more steadily and vigorously.

Guangdong SEZ Reports Increased Industrial Output

OW2201190790 Beijing XINHUA in English
1557 GMT 22 Jan 90

[Text] Shenzhen, January 22 (XINHUA)—The Shenzhen City Bureau of Statistics announced here today that the total value of industrial output by the Shenzhen Special Economic Zone reached 11.65 billion yuan (2.5 billion U.S. dollars) in 1989, 31.1 percent higher than the 1988 figure.

The gross national product and the national income of the zone rose by 15.5 percent and 16 percent respectively. The total value of exports amounted to 2.17 billion yuan (460 million U.S. dollars), 17.6 percent more than in 1988.

The foreign investment in the zone was 290 million U.S. dollars, 1.9 percent more than the figure for the previous year. Total foreign funds used reached 460 million U.S. dollars, 0.3 percent more than in the previous year.

The investment on capital construction was 4.35 billion yuan last year, 25.3 percent more than in the previous year.

The financial income of the zone amounted to 1.88 billion yuan, 46.7 percent more than the previous year's figure.

Guangdong Inaugurates High Tech Shenzhen Plant

HK1601021390 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST) in English
16 Jan 90 p 1

[By Geoff Crothall]

[Text] Mr Li Hao, the mayor of Shenzhen, yesterday hailed the opening of Elite Industrial Holdings' building in Nantou as a "great development" for the special economic zone.

However, the "grand opening ceremony" attended by Mr Li, Mr Xu Jiatur, the head of the Hong Kong branch of the New China News Agency [XINHUA], and Mr Liu Yongling, chairman of Elite Holdings, belied the fact that the total investment in the project amounted to only 100 million yuan (about HK\$165 million).

Elite, one of the largest telephone and answering machine manufacturers in the world, has investments of comparable size in Indonesia, Malaysia and Thailand.

Observers at yesterday's opening ceremony said the \$1 million or more spent on advertising and promotion of the event was designed primarily to bolster the image of Shenzhen in the eyes of Hong Kong investors.

The Elite Building, with a workforce of more than 10,000, is one of the few genuinely high-technology, export-orientated ventures to be established in the special economic zone (SEZ) over the past year and is being held up by the authorities there as a flagship for foreign investment, observers said.

In addition, Elite has established research and development centres in China, most notably in Shanghai, Mr Liu's home town.

"You could say Elite's venture here is the perfect model for Shenzhen," a company official said.

Mr Li said the Shenzhen authorities were currently considering several foreign investment proposals but would not specify how many fell into the category of hi-tech export-orientated businesses, the type of industry the SEZ was set up to attract.

Hong Kong investors in Shenzhen have put most of their money into low-technology assembly plants, manufacturing clothing, toys and household electrical goods.

Mr Li refused to be drawn on whether his government would still approve foreign ventures that exploited the SEZ's cheap labour force but added nothing to its technological development.

One local official, however, was more blunt: "Beggars can't be choosers. If a Hong Kong company wants to set up a toy factory here, who are we to stand in their way."

Shenzhen is still pushing ahead with infrastructure projects to make the SEZ a more attractive proposition for foreign investors, but Mr Li admitted that several projects had been put on hold or delayed because of a lack of cash.

Work at the two Baoan industrial parks, north of Shenzhen, are going ahead according to schedule but even when completed will not be able to guarantee supplies of electricity, water or international telecommunications links.

Most foreign ventures already established in Baoan have to rely on private generators for electricity.

Zhuhai Cooperative Projects Succeed in Guangdong

HK1501091490 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0239 GMT 11 Jan 90

["The Model of 'Sino-Sino-Foreign' Cooperative Operation Has Good Prospects In Zhuhai"—ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong, 11 Jan (ZHONGGUO TONGXUN SHE)—The responsible people of the appropriate departments in the Zhuhai Special Economic Zone who passed through Hong Kong said that the emerging model of "Sino-Sino-foreign" cooperative operation in Zhuhai indicates good prospects.

The model of "Sino-Sino-foreign" cooperative operation refers to the joint enterprise established by the foreign businessmen as one side, the Zhuhai Special Economic Zone as one side, and the unit that possesses raw materials and technologies in the interior as one side. At present, this kind of economic unity is heading to the multidomain, multilevel and widespread direction; the cooperative relation has expanded to the spheres of materials, capital, resources, sales, information, and personnel etc.

Through pooled capital or cooperation of the three sides, the "Sino-Sino-foreign" joint enterprise develops the strong points of personnel, technology, capital and raw materials in the interior on the one hand, and develops the strong points of the special zone on the other; at the same time, it fully utilizes the strong points of the introduction of foreign capital, advanced technology, equipment and scientific management, and of the quick access to information possessed by foreign businessmen, as well as their open channels for selling goods abroad.

At present, Zhuhai City has established direct or indirect bilateral economic relations with more than 20 units of various departments in the central authorities, with various provinces, cities, and autonomous regions, and with over 50 cities and counties inside the province. The scale of joint operation has gradually expanded from the joint venture for mainly producing famous and outstanding goods in the interior, or from the joint venture of transporting primary products from the interior to the special zone for processing and packing and exporting to earn foreign exchange, to the arrival of the interior entrepreneurs to the special zone. These entrepreneurs had agreement letters with them for running joint factories with foreign businessmen, to establish "Sino-Sino-foreign" enterprises. Last year, the units coming to the Zhuhai Special Economic Zone for investment were mostly the units from the central authorities or from the major departments of various provinces and cities. They were equipped with adequate capital and strong economic power; they numbered more than 100. Most of these units carried with them agreement letters for cooperation with foreign businessmen in running factories.

The "Sino-Sino-foreign" enterprises have good economic returns. For example, Ronghua Textile Industry Company Limited, which was set up jointly by Zhuhai-Jinhai United Trade Company Limited, Shaanxi Textile Imports and Exports Company, and Macao's Nanguang Company, had a yearly production output value of 15 million yuan last year, and earned \$930,000 in foreign exchange.

Guangxi Industry Maintains Sustained Development

HK1201081590 Nanning Guangxi Regional Service in Mandarin 1100 GMT 11 Jan 90

[Text] In 1989, various industrial enterprises in Guangxi conscientiously implemented the principle of improving the economic environment, rectifying the economic order, and deepening the reform; overcame numerous difficulties, such as a raw material shortage, an electric power shortage, a fund shortage, weak markets, and so on; and successfully maintained an appropriate growth rate in production.

Guangxi Regional Statistics Bureau figures show that in 1989, industrial enterprises at and above township level realized a total industrial output value of over 19.1 billion yuan. This was a 5.5-percent, and over 0.9 billion yuan, increase over the previous year. The regional light industry realized a total production output value of over 11.3 billion yuan, a 4.7-percent increase over the previous year, and the regional heavy industry realized a total production output value of over 7.8 billion yuan, a 6.7-percent increase over the previous year.

In 1989, regional industry under the system of ownership by the whole people, realized a total production output value of over 14.6 billion yuan, a 4.7-percent increase over the previous year. Regional industry under the system of collective ownership realized a total production output value of over 4.3 billion yuan, a 6-percent increase over the previous year. The output value of the regional township industry registered a 12.6-percent increase, while other types of regional industries realized a total production output value of over 200 million yuan, a 72-percent increase over the previous year.

In 1989, the industrial production of all 13 prefectures and cities in Guangxi registered a sizable increase over the previous year, with increase rates ranging from 0.6 to 12 percent. The industrial growth rates of Nanning City, Beihai City, Nanning Prefecture, Liuzhou Prefecture, and Guilin Prefecture were all higher than the average industrial growth rate in Guangxi.

Fifty-three out of 125 major industrial products in Guangxi registered a sizable increase in production output. These products accounted for 42.4 percent of all major industrial products in Guangxi.

Hainan Province Improves Investment Environment

OW2301175290 Beijing XINHUA in English 1530 GMT 23 Jan 90

[Text] Haikou, January 23 (XINHUA)—Last year, 372 foreign-funded enterprises were set up and foreign investment totalled 150 million U.S. dollars in Hainan Province, south China, due to the improvement of its investment climate.

Immediately after the establishment of the province in 1988, regulations on investment were worked out to attract more overseas investment.

The past few years have seen rapid development of basic industries in the province. In 1988 and 1989 alone, 785 million yuan was invested in the construction of power stations, telecommunications networks, highways and harbors. The province used to suffer from electrical shortages. However, it now has surplus capacity.

In coastal areas of the province, several economic development zones, including Haikou, the capital city, Sanya, Yangpu and Macun have been established. Foreign investors in these zones enjoy preferential rights.

In order to create even better conditions for the constant development of the province's economy, more efforts will be made to continue improving the investment environment in the next three or more years, said Xu Shijie, secretary of the provincial party committee.

Foreign Investment Increases in Hainan

OW1701010090 Beijing XINHUA in English
1331 GMT 16 Jan 90

[Text] Haikou, January 16 (XINHUA)—Hainan, China's largest special economic zone, approved 375 foreign-funded firms with committed foreign investment of 280 million U.S. dollars in 1989, an official of the Hainan Provincial Economic Cooperation Department said here today.

The actual investment made by foreign firms totalled 150 million U.S. dollars in 1989, 17 percent more than in 1988, the official said.

Of the total investment, 86 percent went to industrial and agricultural projects, compared with 70 percent in the previous year.

The largest foreign-funded projects initiated last year were a Singaporean-invested glass plant with an investment of 40 million U.S. dollars and a Thai-invested chemical firm with an investment of 26.8 million U.S. dollars.

Overseas investors in Hainan now come from 16 countries and regions, including Japan, the United States, Singapore, Sweden, and Hong Kong.

These investors operate in various sectors, such as farming, animal breeding, electronics, machinery, food processing, chemicals, textiles, electricity and construction.

Last year, foreign-funded firms in Hainan earned 19 million U.S. dollars from exports, 10.7 times more than in 1987.

Japanese Firm To Resume Work on Hainan Port

HK1701022090 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST) in English 17
Jan 90 p 1

[By Geoff Crothall]

[Text] Kumagai Gumi's U.S.\$10 billion port development project on Hainan Island, put on hold since the events of June, would definitely go ahead, company sources said yesterday.

Mr Yu Ching-po, deputy chairman and managing director of Kumagai Gumi (Hong Kong), has just returned from a meeting in Beijing with senior Chinese leaders including vice-premier Mr Tian Jiyun, and is said to be very happy with assurances given by the Chinese leadership.

Kumagai began to have doubts over the project's viability in the wake of the Beijing massacre, fearing the resurgence of central planning in China would severely restrict the company's ability to successfully develop the 30 sq km site at Yangpu.

However, after discussions with members of the State Council and officials responsible for China's special economic zones last week, Mr Yu is now confident the project can go ahead as originally planned.

"It's just a matter of discussing the fine print now. In principle the project is definitely going ahead," a source close to Mr Yu said.

Under the terms of a 70-year land lease agreement, Kumagai, together with its Japanese parent company and a consortium of other Japanese firms, will independently manage the Yangpu site and will be solely responsible for all infrastructure development.

The Yangpu project was officially approved by China's State Council last month after a long debate within the government.

Hainan Reaps Bumper 1989 Harvest

HK2301144390 Beijing NONGMIN RIBAO
in Chinese 9 Jan 90 p 1

[Report by Correspondent Chen Fa (7115 4099) and Reporter Zhang Jingdong (1728 2417 2639): "Hainan Reaps An All-Round Bumper Harvest in Agriculture Last Year"]

[Text] As an economic zone approved by the party Central Committee and the State Council which has attracted people's attention, in the first year following its

establishment as a province, Hainan reaped an all-round bumper harvest in agriculture. Last year, total grain output was up 24.4 percent, to 1.49 billion kilograms, or 293 million kg more than last year, the highest record since the Third Plenary Session of the 11th CPC Central Committee. Considerable advances were also made in the production of such industrial crops as rubber, sugarcane, coconuts, coffee, betel palms, and cashew nuts.

Being a grain-deficient province, Hainan has to ship in grain from the rest of the country every year. Since the establishment of Hainan as a province, the principal comrades of the provincial party committee and government have been realistic and very clear about the guiding ideology on considering agriculture as the foundation. In a situation in which the official size of cadres and personnel was limited, they set up a leading group for rural work with a provincial party deputy secretary, a Standing Committee member of the provincial party committee, and a vice governor acting as head and deputy heads and sharing out the work to take up agriculture. Cities and counties have also established their own leading groups for rural work, and, in some of them, top men personally took command in agricultural work. Leaders at all levels devoted their main energies to agriculture and regarded it as the main direction of attack to develop agriculture, to increase the capability to support themselves in grain supply and consumption, and to vigorously develop agricultural undertakings that can earn foreign exchange. As soon as the "main channels" were unclogged, it became more convenient to implement the various output-boosting measures. Last year, to encourage the peasants to increase input in agriculture, provincial authorities decreed that any peasant who applies every 1,000 kg of organic fertilizer to his land is entitled to buy 10 kg of standard nitrogenous fertilizer as a reward; and whoever works every mu of hybrid rice is authorized to buy 15 kg of nitrogenous fertilizer as a reward. The provincial authorities allocated 200,000 tons of chemical fertilizers to encourage localities, level after level, to strive for more high-yield plots. Meanwhile, wide publicity was given to the idea of developing agriculture with the use of science and technology, and active efforts were made to spread the extensive use of new agricultural technology. In the light of the characteristics of Hainan's climate, they scientifically reformed the cropping system and appropriately delayed or moved up the time of sowing or transplanting shoots of early rice or late rice, thus reducing the incidence frequency of natural disasters. Last year, although Hainan was hit four times by strong typhoons in succession, the damage was relatively slight. Some localities managed to rush to harvest before being hit by typhoon, thus boosting production more noticeably.

Recently provincial party committee Secretary Xu Shijie met with NONGMIN RIBAO reporters in Haikou City and briefed the latter in a comprehensive way on the achievements that Hainan made in areas including agriculture since it was established as a province a year ago

and on its future development direction. He emphatically pointed out: The party Central Committee and the State Council set considerably high demands on the Hainan Special Zone, in terms of development goals. To achieve the goals, among other things, we should lay a good foundation. This also means doing a good job in agriculture, which is the most important foundation.

Henan Reviews 1989 Economic Results

HK2401131190 Zhengzhou Henan Provincial Service
in Mandarin 2300 GMT 23 Jan 90

[Excerpt] The Provincial Statistics Bureau gave a press briefing on the province's 1989 economic situation in Zhengzhou on the afternoon of 22 January.

Its director (Miao Shenghong) talked to the public media about the province's economic situation in the past year. According to incomplete statistics, the province's GNP of 1989 was 8.32 million yuan and the national income amounted to 6.8 million yuan, representing an increase of 5 percent and 4 percent, respectively, over the preceding year. Meanwhile, social total supply increased by 23 percent, while social total demand rose by 10 percent. The gap between supply and demand dropped from 15.4 percent in 1988 to about 6.5 percent in 1989. The general level of retail prices in 1989 went up by nearly 19 percent over the previous year, and its growth rate was 1.5 percent lower than the previous year. The situation in agricultural production was relatively good. It is expected that the provincial grossout put value of agricultural production totalled 4.35 million yuan, up by about 10 percent over last year. The gross grain output in 1989 topped 31.444 kg. Foreign trade earned 814 million yuan in foreign exchange, an increase of 8.2 percent over the preceding year. The average income for living expenses of each household of urban and rural inhabitants came to 1,014.3 yuan, 152.77 yuan more than last year. [passage omitted]

Henan Accomplishes Industrial Output Increase

HK1601053790 Zhengzhou Henan Provincial Service
in Mandarin 2300 GMT 11 Jan 90

[Excerpts] According to figures released by the Provincial Statistics Bureau, the province's gross output value of industrial enterprises at and above the township level in 1989 was 47.783 billion yuan, representing an increase of 8 percent over 1988 and overfulfilling the year's plan. [passage omitted]

The output of generated power, iron ore, iron, steel, chemical fertilizer, and agricultural chemicals increased notably. The quotas set by the Seventh 5-Year Plan for production of raw coal were fulfilled a year in advance. The total output value produced by industrial enterprises owned by the whole people increased by 5 percent, accounting for 72 percent of the gross industrial output value. The aggregate output value of heavy industry rose by 9.8 percent, which was higher than the 6 percent growth rate of light industry.

Henan Holds Foreign Economic, Trade Conference*HK2201140290 Zhengzhou Henan Provincial Service
in Mandarin 1030 GMT 18 Jan 90*

[Excerpts] The Henan Provincial Conference on Foreign Economic and Trade Work, which is being held today, demanded that all the staff and workers engaged in foreign economic and trade work make full use of the opportune moment and all the favorable factors available at home and abroad to unify ideology and action. This should be done according to the spirit of the Fifth Plenary Session of the 13th CPC Central Committee. All staff and workers should conduct the foreign economic and trade work in a creative manner with a view to successfully accomplishing all the tasks assigned foreign economic and trade work.

In 1989, Henan's export trade volume reached \$814 million. In 1989, it also imported from foreign countries production means, raw materials, apparatus, and equipment totaling over \$ 300 million. [passage omitted]

The Henan Provincial Economic and Trade Commission demanded that all the staff and workers engaged in work further perfect the contracted management responsibility system; guarantee the fulfillment of all the tasks and the attainment of all the contracted targets; push ahead with the campaign aimed at screening and rectifying companies; practically strengthen the macro-management of foreign trade work and the management of export-oriented product prices; further improve the export-oriented product quality; make full use of all the favorable factors and opportunities to open up more overseas markets, especially the ocean shipping market; and readjust the export-oriented market structure step by step with a view to further pushing ahead with Henan's foreign economic and trade work. [passage omitted]

Hubei Financial Situation Better Than Expected*HK1201080190 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 10 Jan 90*

[Excerpt] Provincial Executive Vice Governor Li Daqiang said that all localities in the province should carry out financial work under the guidance of the spirit of the 5th Plenary Session of the 13th CPC Central Committee; work hard to accomplish all tasks assigned for this year; and make active contributions in stabilizing society and developing the economy. He made the remarks at a provincial financial work conference, which ended today.

Li Daqiang also said: Our province has achieved initial results in improving the economic environment, straightening out the economic order, and deepening the reform through year-long or more efforts. The overall economic situation is improving; in particular, the financial situation is better than expected. The province's revenue in 1989 reached 4.3799 billion yuan, an increase of 10.38 over the preceeding year. This year is a year of

crucial importance for economic improvement and rectification, and making this year's financial and tax work a success is vital to the endeavor of stabilizing the overall economic situation and maintaining political stability and social order. The Fourth Enlarged Plenary Session of the Fifth Provincial Party Committee set a general goal for the economic improvement and rectification of our province. Financial and tax workers of our province should do their own job well in the neighborhood of the general goal. The provincial government has set the target for this year's revenue at 4.54 billion yuan, 6.3 percent higher than the previous year. All localities and units should adopt effective measures to fulfill the task. [passage omitted]

Hubei Attracts More Overseas Investment*OW1101140390 Beijing XINHUA in English
0817 GMT 10 Jan 90*

[Text] Wuhan, January 10 (XINHUA)—Central China's Hubei Province has approved 194 foreign-funded enterprises with a total investment of 467 million U.S. dollars, including 143 million U.S. dollars of foreign capital.

Last year the province approved 8 foreign-funded projects involving 71.76 million U.S. dollars and also approved other 73 enterprises engaged in processing and assembling materials and parts supplied by overseas clients or compensation trade.

According to incomplete statistics, 83 foreign-funded enterprises that had already gone into operation earned 11 percent more foreign exchange in 1988 than in the previous year.

1989 Hubei Export Volume Exceeds Quota*HK2301064990 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 21 Jan 90*

[Text] In 1989, Hubei's export volume reached \$1.02 billion and over-fulfilled the annual export quota.

In 1989, Jingzhou Prefecture, Xianning Prefecture, Huanggang Prefecture, Xiaogan Prefecture, Exi City, Shiyan City, and Jingmen City each overfulfilled their annual export quotas.

The export volume of the knitwear and cotton goods companies, garment companies, silk cloth companies, equipment companies, machinery companies, jewelry companies, electronic product companies, technology companies, automobile companies, and other types of companies of Wuhan City and Hubei Province registered a sizable increase over the corresponding period of the previous year.

Moreover, Hubei Province also made much headway in the fields of technology import, overseas project contracting, and labor service cooperation with the help of her increased foreign trade.

However, Hubei's export volume in 1989 witnessed a slight drop, compared with the previous year and failed to attain the goal set by the Hubei Provincial People's Government. This was manifested by the fact that Hubei's export volume in 1989 dropped from No 10 to No 11 in the whole country.

The Hubei provincial conference on economic and trade work, which concluded yesterday, presented a plan for Hubei's economic and trade work in 1990. Li Daqiang and Xu Penghang, vice governors of Hubei Province, held talks with all the participants at the conference. They demanded that the people's governments at all levels and that all trades and professions in Hubei show more concern and give more support to Hubei's economic and trade work and provide all sorts of assistance needed by Hubei's economic and trade work in the hope of maintaining a sustained and steady development of Hubei's foreign trade.

Hunan Meeting Commends Police Heroes

HK0901091190 Changsha Hunan Provincial Service
in Mandarin 2300 GMT 7 Jan 90

[Excerpts] Yesterday morning, entrusted by the Ministry of Public Security, the provincial Public Security Department held a meeting to commend and reward National Public Security Hero First Class (Wang Guijun) and National Public Security Hero Second Class (Yu Jun) in the auditorium of the provincial People's Government.

On behalf of the Ministry of Public Security, Chen Bangzhu, governor and concurrently deputy secretary of the provincial CPC Committee, and Sun Wensheng, deputy secretary of the provincial CPC Committee, awarded prizes to (Wang Jianhua), father of martyr (Wang Guijun), and to Comrade (Yu Jun). [passage omitted]

At the meeting, (Zhu Dongyang), head of the provincial Public Security Department, announced the order issued by the Ministry of Public Security on posthumously conferring the title of National Public Security Hero First Class on martyr (Wang Guijun), a policeman at the Hexi Police Substation under Yongzhou Public Security Bureau, and conferring the title of National Public Security Hero Second Class on Comrade (Yu Jun), leader of a police brigade under Xiangtan Public Security Bureau. [passage omitted]

At the meeting, Dong Zhiwen, member of the Standing Committee of the provincial CPC Committee and concurrently vice governor, announced the decision made by the provincial CPC Committee and the provincial people's government on promoting activities aimed at learning from martyr (Wang Guijun) and Comrade (Yu Jun). [passage omitted]

Chen Bangzhu delivered an important speech at the meeting. In his speech, Comrade Chen Bangzhu said that martyr (Wang Guijun) and Comrade (Yu Jun) made

outstanding contributions to the state and the people within a very short period of time. At present, the overriding task is to maintain social stability. This is where the fundamental interests of the whole party and the people of the whole country lie. China is politically stable. However, all comrades should also realize that class struggle still exists to a certain extent. Imperialism and reactionary forces are still trying to subvert the Chinese Government. Under such circumstances, all police officers and policemen and all Armed Police officers and armed policemen in the province should always maintain sharp vigilance and a strong fighting will. They should make greater contributions to stabilizing the provincial situation and safeguarding the smooth progress of the campaign to improve the economic environment, rectify the economic order, and deepen the reform so as to enable the broad masses of the people to live and work in peace and contentment. [passage omitted]

Hunan Industrial Output Tops 40 Billion Yuan

HK1201034990 Changsha Hunan Provincial Service
in Mandarin 2300 GMT 10 Jan 90

[Text] Over the past year, the broad masses of staff and workers on Hunan's industrial and communications front have conscientiously implemented the CPC Central Committee's and State Council's principle on improving the economic environment, rectifying the economic order, and deepening the reform. The staff and workers have made great efforts to overcome numerous difficulties, such as shortages, the rise in raw material prices, and so on and have achieved good results in their production.

The statistics issued by the Hunan Provincial Statistics Bureau show that in 1989, Hunan's total industrial output value stood at 40.11 billion yuan, representing a 5.2-percent increase over the previous year and an all-time high.

Beginning in 1989, the province has conscientiously implemented the CPC Central Committee's industrial-slant policy and has concentrated its efforts on supporting the development of raw material and energy productions. The province has supported this development with investment, loan provisions, and raw material supply. Thanks to these measures, it successfully realized a 6-percent increase in its raw material and energy productions in 1989 over the previous year. It is anticipated that the problem of contradictions between the energy industry and raw material industry on the one hand, and the processing industry on the other, will soon be alleviated.

With regard to the readjustment of its light industrial product mix, the province has paid more attention to strengthening the production of a number of daily necessities over the past year. As a result, production of matches, synthetic detergent, light bulbs, and other light industrial products has maintained a sustained increase since 1989.

Hunan To Increase Grain Production

OW0901043890 Beijing XINHUA in English
0255 GMT 9 Jan 90

[Text] Changsha, January 9 (XINHUA)—Central China's Hunan Province has worked out plans to boost its grain production in 1990, according to a provincial official.

A major grain producer in China, Hunan reaped 26.5 billion kg of grain in 1989, 4.5 percent more than in 1988.

The official attributed the increase to the expansion of hybrid rice production. The province had 2.06 million ha under hybrid rice in 1989 and plans to expand the area by 22 percent.

Meanwhile, Hunan will also introduce hybrid maize and plastic-sheet-covered cultivation.

The provincial government has decided to spend 14 million yuan on extending advanced farming techniques.

It will also continue to reform the science and technology management system, encourage agroscientists to go to grassroots units, and run training courses for farmers.

Hunan Expands Power Industry

OW3101015490 Beijing XINHUA in English
1518 GMT 30 Jan 90

[Text] Changsha, January 30 (XINHUA)—Power plants in central China's Hunan Province produced 16.2 billion kwh of electricity in 1989, three times the output in

1978, according to statistics released by the provincial Bureau of Power Industry today.

Bureau Director Wu Haichun attributed the increase to large scale construction of power projects over the past decade.

Two generating units, each with a capacity of 200,000 kw, in the Leiyang thermal power plant yielded 800 million kwh of electricity since they went into operation last year.

Construction of the Yueyang Power Plant, a Sino-British joint venture in northern part of the province, is well under way. The plant has a designed capacity of 700,000 kilowatts.

Last year, the province completed its first 500-kilovolt transmission project, which sends three billion kwh of electricity from Gezhouba hydro-electric power station to Zhuzhou city annually.

The 510,000-kw Dongjiang hydro-electric power station on the upper reaches of the Xiangjiang River went into full operation last year. The 240,000-kw Wuqiangxi power station on the middle reaches of Yuanjiang River is still under construction.

The new power projects helped alleviate power shortage in industrial and agricultural production and people's daily life, Wu said, adding the province yielded 40 billion yuan in industrial output value and had an all-round good harvest in agriculture last year.